

FEBRUARY 1, 2008

**MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT**

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

UNITED STATES COMMODITY FUTURES)	
TRADING COMMISSION,)	
)	
)	
)	
Plaintiff,)	
v.)	No. 07 C 3598
)	
LAKE SHORE ASSET MANAGEMENT)	Hon. Blanche M. Manning
LIMITED, et al.,)	Magistrate Judge Michael T. Mason
)	
Defendants.)	

RECEIVER'S REPORT OF SIGNIFICANT DEVELOPMENTS

Robb Evans & Associates LLC, the Court appointed temporary equity Receiver (the "Receiver") for the Lake Shore Common Enterprise¹, by and through its attorneys, hereby files this Report of Significant Developments on the current status of the efforts of the Receiver to have the funds held by Lehman Brothers International (Europe) ("Lehman") transferred to the control of the Receiver.

1. On December 20, 2007, this Court entered its Order granting the Receiver's renewed ex parte motion and authorized Frederick Grede, the chapter 11 trustee for the estate of Sentinel Management Group, Inc. ("Trustee") to execute and deliver consent directives to effect a transfer of the investor funds held in the Lake Shore Alternative Financial Asset Limited, Lake Shore Alternative Financial

¹ The Lake Shore Common Enterprise has been defined by this Court to include the following entities: Lake Shore Asset Management Limited ("LSAM"), Lake Shore Group of Companies Inc. Ltd., Lake Shore Asset Management Inc., Lake Shore Alternative Financial Asset Limited, Lake Shore Alternative Financial Asset Account I Limited, Lake Shore Alternative Financial Asset Account II Limited, Lake Shore Alternative Financial Asset Fund III Limited and Geneva Corp. Funds World Limited (formerly known as Lake Shore Alternative Financial Asset Fund IV Limited). See the Court's October 4, 2007 Order Appointing Receiver (Docket No. 194 at 1-2) (the "Order").

Account I Limited, and Lake Shore Alternative Financial Account II Limited accounts held at Lehman ("LSAFA Funds") to the control of the Receiver.

2. In furtherance of this Court's order, the Trustee sent Transfer Authorizations to Lehman on December 26, 2007, by email and Federal Express. Copies of the Transfer Authorizations are attached hereto as Exhibit 1.
3. On January 9, 2008, Howard Kennedy², the London counsel for Lake Shore Alternative Financial Asset Limited, Lake Shore Alternative Financial Asset Account I Limited, Lake Shore Alternative Financial Asset Account II Limited, Lake Shore Alternative Financial Asset Account III Limited, and Lake Shore Alternative Financial Asset Account IV Limited n/k/a Genevacorp Funds World Limited (collectively "Lake Shore"), made a demand on the three London FCM's holding Lake Shore funds, including Lehman, to release all funds held by the three FCM's to Lake Shore, in reliance on the December 28, 2007 Opinion of the Seventh Circuit, which modified the scope of the preliminary injunction order entered by this Court. A copy of the January 9, 2008 letter is attached hereto as Exhibit 2.
4. On January 28, 2008, Clifford Chance, London counsel for the three London FCM's sent a letter to the Sentinel Trustee on behalf of Lehman, which raised a number of issues about the Transfer Authorizations and indicated that Lehman was considering initiating an interpleader proceeding in the High Court in London to resolve the rival claims to the LSAFA Funds between the Receiver and the Directors of the Lake Shore companies. A copy of the January 28, 2008 letter to the Trustee is attached hereto as Exhibit 3.

² As of January 24, 2008, Howard Kennedy is no longer representing the Lake Shore entities.

5. Also, on January 28, 2008, Clifford Chance sent two letters to the Receiver's London counsel. The first letter again indicated that all three London FCM's would initiate interpleader proceedings in the High Court in London if the rival claims to the funds were not resolved within 14 days of the date of the letter. The second letter was specific to the Lehman request by the Trustee and again, reiterated that the LSAFA Funds would be part of the interpleader proceedings. Copies of the January 28, 2008 letters to the Receiver's London counsel are attached hereto as Exhibit 4.
6. The Receiver intends to file a claim in the interpleader proceedings seeking the transfer of all funds to the Receiver if the defendants, Philip Baker and Lake Shore Asset Management Limited, do not, either directly or through their authorized signatories, execute the transfer authorization forms previously tendered to them by the Receiver for the London FCM accounts within the next 14 days. Additionally, on January 29, 2008, the Receiver sent letters to the London FCM's instructing them on how to invest the funds in order to maximize the return to investors during the pendency of any interpleader proceedings. Copies of the January 29, 2008 letters to the London FCM's are attached hereto as Exhibit 5.
7. At this point the Receiver believes that Lake Shore and/or Baker are aware of the Transfer Authorizations sent by the Trustee and the Receiver respectfully suggests that the filings relating to the transfer of the Lehman Funds no longer need to remain under seal. The Receiver is continuing its efforts to secure the transfer of

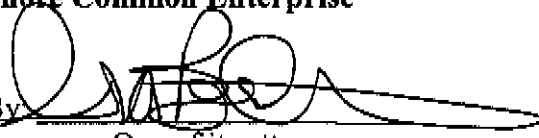
the funds to the Receiver without protracted litigation. However, without the cooperation of the defendants, this does not appear to be likely.

Dated: February 1, 2008

Respectfully submitted,

**Robb Evans & Associates LLC,
Temporary Equity Receiver for the Lake
Shore Common Enterprise**

Ira Bodenstein (#3126857)
Robert M. Fishman (#3124316)
Shaw Gussis Fishman Glantz
Wolfson & Towbin LLC
321 North Clark Street - Suite 800
Chicago, Illinois 60610
(312) 541-0151

By 
One of its attorneys

SENTINEL

SENTINEL MANAGEMENT GROUP, INC.

December 26, 2007

VIA FACSIMILE and FEDEX
44(0)20 7120 2999

Lehman Brothers International (Europe)
25 Bank Street
London, England
E14 5LE

Re: Transfer Authorisation for Lake Shore Alternative Financial Asset
Accounts I and II

To Whom It May Concern:


Please find enclosed signed authorisations for the transfer of all funds from the following accounts:

Account Number 279-21996 in the name of Lake Shore Alternative Financial Asset Account II Ltd ("LSAFA II"). The amount currently on deposit in LSAFA II is \$25,464,267.81 as of August 7, 2007.

Lake Shore Alternative Financial Asset Account I Limited, Account Balance believed to be zero.

These authorisations are signed by the authorized representative of Sentinel Management Group, Inc., Frederick J. Grede, who is appointed as the chapter 11 Bankruptcy Trustee (the "Trustee") for the estate of Sentinel Management Group Inc. According to the Third Party Limited Trading Authorisation forms executed with respect to the above accounts, copies of which have been provided by me, Sentinel is authorized to give instructions with respect to these accounts. Specifically, Sentinel Management Inc. ("Sentinel") is named as the Fund Administrator and is authorized by your customer, "as its agent and attorney-in-fact to give instructions regarding the management of the Customer's account and the payments and transfers from the Customer's account, and LBIE is authorized to follow the instructions of the Administrator in every respect concerning the administration of the Customer's account with LBIE."

Sincerely,



Frederick J. Grede
Trustee, Sentinel Management Group, Inc.

Enclosures: Authorisations to Transfer Funds

EDENS CORPORATE CENTER
650 DUNDEE ROAD, SUITE 460
NORTHBROOK, IL 60062
TEL: (847) 412-4435
FAX: (847) 412-4409



AUTHORIZATION TO TRANSFER FUNDS

TO WHOM IT MAY CONCERN:

I, Frederick J. Grede as Trustee of Sentinel Management Group Inc., which according to the Third Party Limited Trading Authorization Form executed by Lake Shore Alternative Financial Asset Limited ("LSAFA") is the Fund Administrator and has the express written authority to give instructions regarding the management of LSAFA's account with Lehman Brothers International (Europe) and the payments and transfers from that account, do hereby authorize the release and transfer of all funds held by, on behalf of, or for the benefit of the following entities and funds to the Court-Appointed Receiver, Robb Evans and Associates, LLC, 11450 Sheldon Street, Sun Valley, California 91352:

- 1. Lake Shore Alternative Financial Asset Limited

This letter of authorization is directed to, and includes, the funds held by the following financial institutions:

Lehman Brothers International (Europe)

and any other custodians of assets of any of the above-named entities and funds.

The wire instructions for the transfer of funds to the Receiver are as follows:

California Bank & Trust
550 S Hope Street, Los Angeles, CA 90071
ABA # 1210-0204-2
Account # : 324-8898849
Credit Account of : Robb Evans & Associates LLC, Receiver of Lakeshore Asset Management Limited
Attn. : Lora Wong, Tel (213) 228-1718

Lake Shore Alternative Financial Asset Limited.

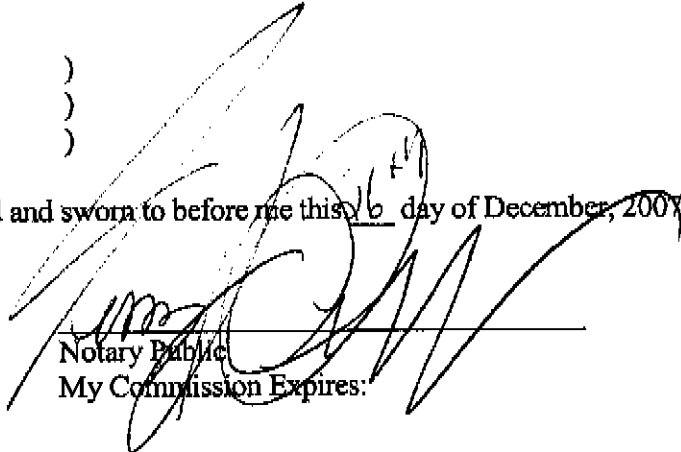
Sentinel Management Group, Inc.
Fund Administrator for LSAFA

By: Frederick J. Grede

Date: Dec 26, 2007

State of Illinois)
)
County of Cook)

Subscribed and sworn to before me this 16 day of December, 2007.



Notary Public
My Commission Expires:



AUTHORIZATION TO TRANSFER FUNDS

TO WHOM IT MAY CONCERN:

I, Frederick J. Grede as Trustee of Sentinel Management Group Inc., which according to the Third Party Limited Trading Authorization Form executed by Lake Shore Alternative Financial Asset Account I Limited ("LSAFAA I") is the Fund Administrator and has the express written authority to give instructions regarding the management of LSAFAA I's account with Lehman Brothers International (Europe) and the payments and transfers from that account, do hereby authorize the release and transfer of all funds held by, on behalf of, or for the benefit of the following entities and funds to the Court-Appointed Receiver, Robb Evans and Associates, LLC, 11450 Sheldon Street, Sun Valley, California 91352:

1. Lake Shore Alternative Financial Asset Account I Limited

This letter of authorization is directed to, and includes, the funds held by the following financial institutions:

Lehman Brothers International (Europe)

and any other custodians of assets of any of the above-named entities and funds.

The wire instructions for the transfer of funds to the Receiver are as follows:

California Bank & Trust
550 S Hope Street, Los Angeles, CA 90071
ABA # 1210-0204-2
Account # : 324-8898849
Credit Account of : Robb Evans & Associates LLC, Receiver of Lakeshore Asset Management Limited
Attn. : Lora Wong, Tel (213) 228-1718

Lake Shore Alternative Financial Asset Account I Limited.

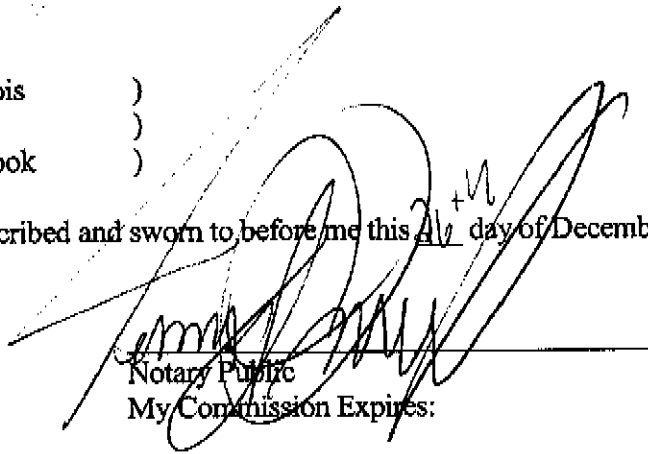
Sentinel Management Group, Inc.
Fund Administrator for LSAFAA I

By: Frederick J. Grede

Date: Dec 26, 2007

State of Illinois)
County of Cook)

Subscribed and sworn to before me this 21st day of December, 2007.



Notary Public
My Commission Expires:



AUTHORIZATION TO TRANSFER FUNDS

TO WHOM IT MAY CONCERN:

I, Frederick J. Grede as Trustee of Sentinel Management Group Inc., which according to the Third Party Limited Trading Authorization Form executed by Lake Shore Alternative Financial Asset Account II Limited ("LSAFAA II") is the Fund Administrator and has the express written authority to give instructions regarding the management of LSAFAA II's account with Lehman Brothers International (Europe) and the payments and transfers from that account, do hereby authorize the release and transfer of all funds held by, on behalf of, or for the benefit of the following entities and funds to the Court-Appointed Receiver, Robb Evans and Associates, LLC, 11450 Sheldon Street, Sun Valley, California 91352:

1. Lake Shore Alternative Financial Asset Account II Limited including, but not limited to, Account No. 279-21996

This letter of authorization is directed to, and includes, the funds held by the following financial institutions:

Lehman Brothers International (Europe)

and any other custodians of assets of any of the above-named entities and funds.

The wire instructions for the transfer of funds to the Receiver are as follows:

California Bank & Trust
550 S Hope Street, Los Angeles, CA 90071
ABA # 1210-0204-2
Account # : 324-8898849
Credit Account of : Robb Evans & Associates LLC, Receiver of Lakeshore Asset Management Limited
Attn. : Lora Wong, Tel (213) 228-1718

Lake Shore Alternative Financial Asset Account II Limited.

Sentinel Management Group, Inc.
Fund Administrator for LSAFAA II

By:

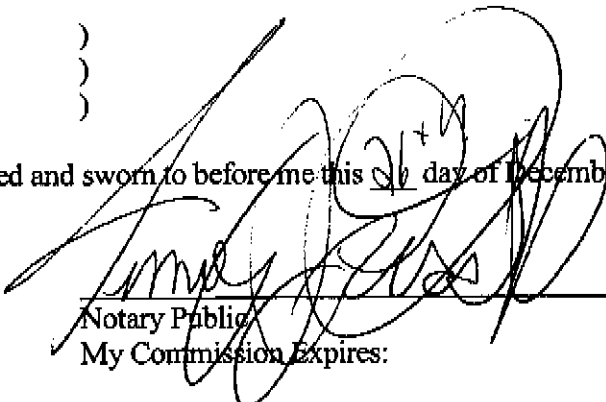
Frederick J. Grede

Date:

Dec 26, 2007

State of Illinois)
County of Cook)

Subscribed and sworn to before me this 21st day of December, 2007.



Notary Public
My Commission Expires:



11/01/2008 11:10:11

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Clifford Chance

Page 3

Your ref VJXM70-40614167/MBV6/AJH
Our ref 6NMG29033.00001
Document ref SARH3299429.1

HOWARD KENNEDY

19 Cavendish Square London W1A 2AW
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enquiries@howardkennedy.com
DX 42748 Oxford Circus North
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Direct line +44 (0)20 7830 8180
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Email s.morris@howardkennedy.com

Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London
E14 5JJ

9 January 2008

Also by Fax to: 020 7006 6555

Dear Sirs

Lake Shore Alternative Financial Asset Limited and Others v MF Global UK Limited and Others

We refer to previous correspondence.

We had indicated (for example in our letter to you dated 5 November 2007) that matters were the subject of an appeal to the US Court of Appeals for the Seventh Circuit. We pointed out that it had been argued in that appeal that an attempt by the District Court in the USA to administer the assets in England would be contrary to English law because the assets which the Commodity Futures Trading Commission and the District Court sought to administer which are held with 3 custodians in London bear no connection to the USA and are owned by foreign account owners who are not part of the proceedings.

The Court of Appeals delivered its Opinion on Friday 28 December 2007. We do not know whether you have received a copy of that Opinion but we enclose a copy for ease of reference. In relevant part, the Judgment relates to the non-defendant companies in the US proceedings who, it has now been determined, are now no longer bound by any part of the Orders of Judge Manning – including those orders that purported to apply to the documents and funds that relate to our clients, the non-defendant companies, held by your clients, as well as the scope of the Receivership and the Receiver's purported authority.

Accordingly, in the light of the Opinion of the Court of Appeals, we would be obliged to receive your confirmation that your clients will be releasing all the funds presently held by them which were the subject matter of the initial proceedings commenced by our clients on 21 September 2007. We see no reason at all why those moneys should not be released forthwith and immediately placed at the disposal of the beneficial owner - but if you take a contrary view, we would be obliged if you would revert to us in writing explaining your clients' position.



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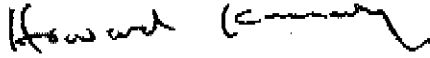
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Page 4

We would be obliged to hear from you in writing on the points raised herein by 4.30pm on Friday 11 January 2008.

Yours faithfully



HOWARD KENNEDY

Enc



08/01/2008 15:10:25

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Clifford Chance

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

10 UPPER BANK STREET
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LONDON E14 5JL

TEL +44 (0)20 7006 1000
FAX +44 (0)20 7006 5556
DX 148120 CANARY WHARF 3
www.cliffordchance.com

YOUR REFERENCE

IN REPLY PLEASE QUOTE

DATE

EZR/70-40314167/MSVS/AJH

28 January 2008

DIRECT DIAL

BY FAX AND BY POST

Frederik J. Grede
Trustee, Sentinel Management Group Inc.
Edens Corporate Center
650 Dundee Road, Suite 460
Northbrook, IL 60062
USA

Dear Sir

Lake Shore Asset Management Ltd - Lehman Brothers International (Europe)

We act for Lehman Brothers International (Europe) ("Lehman") in relation to this matter.

We refer to your letter to our client dated 26 December 2007, in which you purport to authorise it to transfer any funds that it holds in the names of certain Lake Shore entities to a US court-appointed receiver, Robb Evans and Associates, LLC. As you will appreciate, your letter arrived during the holiday period. We and the relevant persons within our client became aware of it only this month when we received copies from Manches, the law firm acting for the receiver.

Your purported authorisation to our client to transfer the funds

It is not clear to our client that it is entitled to act upon your purported authorisation, for the reasons set out below. We wish to make it clear, however, that our client does not take any position in relation to this issue, which will need to be resolved between the rival claimants to the funds, whom we identify below.

You identify Sentinel Management Inc as the Fund Administrator with authority to issue authorisations on behalf of the Lake Shore entities to which you refer in your letter. However, you have issued the authorisations in the name of Sentinel Management Group Inc. It is not clear to our client whether you are authorised to issue instructions on behalf of Sentinel Management Inc.

TEL: 156405001

25764470-40314167

EXHIBIT

3

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

In addition, we have not seen any documentation setting out the ambit of your authority as trustee. We understand that trustees are not automatically appointed in Chapter 11 insolvencies and the directors may still be in office. It is not therefore clear whether you have the power to act on behalf of Sentinel Management Inc in authorising our client to transfer the funds.

Furthermore, there is no automatic recognition of a Chapter 11 trustee's powers in England. It is not therefore clear to our client that your powers extend to funds that are held in England. We are not aware that any court in England has recognised your appointment or authority.

Please also note that the US Commodity Futures Trading Commission has obtained an injunction against Lake Shore in the United States which ostensibly prevents transfers of its property in certain circumstances. Our client will require to be satisfied before making any transfers of Lake Shore funds that those transfers will not constitute a breach of the injunction.

Interpleader proceedings

The funds to which you refer in your letter are the subject of rival claims that have been made to our clients by the receiver on one hand and by the directors of the Lake Shore companies, who are represented in London by the law firm Howard Kennedy, on the other.

Our client has no interest in any funds that it holds on behalf of Lake Shore entities. Unless the rival claims are resolved promptly between the claimants, our client intends to issue interpleader proceedings in the High Court in London. In those proceedings, our client will seek an order that it pay any such funds into Court pending the resolution of the claims, following which it wishes to take no further part in the proceedings.

Our client does not propose to join your firm as a party to the interpleader proceedings because, if we understand your position correctly, you do not make any claim to the funds as a trustee of Sentinel Management Group Inc or Sentinel Management Inc. Please advise us if this assumption is incorrect.

We suggest that you liaise with the receiver with respect to the resolution of the rival claims to the Lake Shore funds.

Yours faithfully


Clifford Chance LLP

**CLIFFORD
CHANCE**

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LONDON E14 5JJ
TEL +44 (0)20 7000 1000
FAX +44 (0)20 7000 6585
DX 149120 CANARY WHARF 3
www.cliffordchance.com

YOUR REFERENCE IN REPLY PLEASE QUOTE DATE
CHZ/EIL/FEE/167697/250176 EZR/70-40314167/MSVS/AJH 28 January 2008
DIRECT DIAL

COPY

BY FAX AND BY POST

Manches LLP
Aldwych House
81 Aldwych
London WC2B 4RP

Dear Sirs

Commodity Futures Trading Commission v Lake Shore Asset Management Ltd & Ors

As you know, we act for MF Global UK Limited, Lehman Brothers International (Europe) and Newedge Group (UK Branch) (formerly named Fimat International Banque SA).

Our clients are facing rival claims to the funds that they hold on behalf of the Lake Shore Asset Management group of companies. The rival claimants are your client, as the US court-appointed receiver of the Lake Shore companies, on the one hand, and the Lake Shore companies (whose business it appears that their directors purport to conduct notwithstanding your client's appointment) on the other.

An interest in the funds has also been expressed by the US Commodity Futures Trading Commission ("CFTC") and by a number of underlying investors.

Our clients are innocent custodians of the disputed funds. They have no interest in and make no claims to the funds for themselves, save as to their fees and costs. Our clients therefore consider it appropriate for them to pay the funds into court so that the matters in dispute may be resolved between the rival claimants. They are therefore minded to issue interpleader proceedings in the High Court in London.

This letter is a letter before action for the purposes of the Practice Direction - Pre-Action Protocols of the High Court Rules.

On an administrative point, please note the revised reference at the head of this letter.

UK/1558955/01

237644/70-40314167

CLIFFORD CHANCE IS A LIMITED LIABILITY PARTNERSHIP REGISTERED IN ENGLAND AND WALES UNDER NUMBER OC326571. THE FIRM'S REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IS AT 16 UPPER BANK STREET, LONDON, E14 5JJ. A LIST OF THE MEMBERS IS OPEN TO INSPECTION AT THIS OFFICE. THE FIRM USES THE WORD 'PARTNER' TO REFER TO A MEMBER OF CLIFFORD CHANCE LLP OR AN EMPLOYEE OR CONSULTANT WITH EQUIVALENT STANDING AND QUALIFICATIONS. THE FIRM IS REGULATED BY THE SOLICITORS REGULATION AUTHORITY.



C L I F F O R D

CLIFFORD CHANCE LLP

C H A N C E**The rival claims to the funds held by our clients**

The circumstances in which these claims arise are, in summary, as follows.

In June 2007, the CFTC obtained an ex-parte statutory restraining order in the US District Court for the Northern District of Illinois which froze the assets of the Lake Shore companies and required them to provide their books and records to the CFTC. The order was obtained on the basis of allegations that Lake Shore had, inter alia, wrongfully denied the CFTC access to its books and records and that it had fraudulently obtained at least US \$250 million of investors' funds by misrepresenting to investors the performance of its commodity futures trading operations and the amount of funds that it had under management.

The ex-parte restraining order was overturned on appeal, but shortly thereafter the District Court issued a Preliminary Injunction Order that imposed a further freeze upon the assets of the Lake Shore companies.

In letters dated 21 September 2007 to each of our clients, Howard Kennedy, who advise that they act for the Lake Shore companies and who we understand are instructed by the directors, served copies of a Claim Form issued in the High Court in London. The Claim Form sought specific performance of obligations allegedly owed by our clients to comply with the Lake Shore companies' instructions to transfer to them the funds held by our clients.

We understand that the CFTC objected to Lake Shore's commencement of proceedings in England on the basis that those proceedings constituted a breach of the US injunction. In a letter dated 26 September 2007, Howard Kennedy advised us that their clients did not intend to act contrary to the US injunction, whilst reserving their rights to seek the release of the funds. On 22 October 2007, Howard Kennedy discontinued the English proceedings.

On 4 October 2007, the US District Court entered an order appointing your client as temporary receiver of the Lake Shore group of companies and authorising your client to take custody, control and possession of the funds and other assets of those companies. With respect to extraterritorial effect (if any), the order provides that any person may access any court in a jurisdiction in which relevant assets are situated for the purpose of raising any questions regarding the recognition or enforcement of the order with respect to those assets.

In letters dated 16 October 2007 to each of our clients, your client advised that it was making a claim to all funds of any of the Lake Shore entities and requested copies of their accounts and records. In a letter to us of 25 October 2007, you confirmed these claims on behalf of your client.

We referred your client's claims to Howard Kennedy and we have repeatedly asked them to confirm that their clients accept that your client's appointment and instructions to our clients are binding upon our clients. Howard Kennedy have not provided us with any such confirmation.

In a letter of 28 December 2007, you provided us with copies of purported authorisations to transfer funds that had been sent to Lehman by the Chapter 11 trustee of a company named

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

Sentinel Management Group Inc ("Sentinel") which you advised was an authorised signatory for those funds. In a letter dated 4 January 2008, you requested our confirmation that Lehman would transfer the funds that it held for the Lake Shore entities to your client.

In a letter of 9 January 2008, Howard Kennedy requested that our clients transfer to them the funds that they hold on behalf of the Lake Shore companies. In their letter, Howard Kennedy asserted that an Opinion of the US Court of Appeals dated 28 December 2007 had confirmed that the US injunction did not apply to the Lake Shore companies that were not named defendants in the US proceedings. We passed this letter to you.

In a letter of 15 January 2008, you advised us that you disagreed with the assertions made in Howard Kennedy's letter. You stated that it was your client's position that the US injunction continued to be binding upon the Lake Shore entities. You referred in your letter to a further order of the US District Court dated and stated that it was your client's position that the Preliminary Injunction Order remained in effect. You also asked us for a response to your letter of 4 January 2008 in which you requested our confirmation that Lehman would transfer the funds that it held for the Lake Shore entities to your client.

Interpleader proceedings

We give notice that unless the rival claims to the funds held by our clients are resolved between all of the claimants or are otherwise resolved to our clients' satisfaction within 14 days of the date of this letter, our clients intend to issue interpleader proceedings in the High Court in London.

In the event that our clients issue such proceedings, they will seek an order that they pay all of the Lake Shore funds that they hold to which they have no claim into Court, following which they would wish to take no further part in the proceedings.

Our clients will be entitled to seek their costs of the proceedings from the funds that are the subject of the dispute and they reserve the right to do so.

We should be grateful if you would confirm whether your client will consent to an interpleader action by our clients seeking an order that they pay the funds to which they have no claim into court. In any event, please confirm within 14 days of the date of this letter whether you are authorised to accept service of proceedings on behalf of your client.

Yours faithfully



Clifford Chance LLP

02/01/2008 15:10:09

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Clifford Chance

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

10 UPPER BANK STREET
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LONDON E14 5JU

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YOUR REFERENCE

CHZ/EJL/FEE/167697/250176

IN REPLY PLEASE QUOTE

EZR/70-40314167/MSVS/AJH

DATE

28 January 2008

DIRECT DIAL

BY FAX AND BY POST

Manches LLP
Aldwych House
81 Aldwych
London WC2B 4RP

Dear Sirs

Second Letter**Commodity Futures Training Commission v Lake Shore Asset Management Ltd & Ors**

We refer to your letters of 28 December 2007 and 4 January 2008, to which we initially responded on 4 January 2008.

In your letters, you request that our client Lehman Brothers International (Europe) ("Lehman") transfer to you the funds it holds in two Lake Shore accounts. You make this request on the basis of purported authorisations provided to Lehman by the Chapter 11 trustee of Sentinel Management Group Inc. ("Sentinel").

It is not clear to Lehman that the trustee of Sentinel has the power to authorise Lehman to transfer the funds to your client. We enclose a letter that we have sent to the trustee in relation to its purported authorisation.

You request confirmation of the amounts held in the relevant accounts. As we have previously indicated to you by telephone, Lehman wishes to ensure that it does not breach its obligations of confidentiality to the Lake Shore entities that are its customers. In circumstances in which your client's appointment has not, to our knowledge, been recognised by an appropriate procedure in this jurisdiction, it is not clear whether Lehman is entitled to provide this information to you.

Please note, however, that Lehman does not take any position in relation to the trustee's purported authorisation, which is an issue that will need to be resolved between the rival claimants to the funds.

UK/1575051/01

237644/70-40314167

ROBB EVANS & ASSOCIATES LLC
Temporary Receiver of Lake Shore Asset Management, Ltd., et al.
11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
Facsimile No.: (818) 768-8802

January 29, 2008

MF Global UK Limited
Sugar Quay
Lower Thames Street
London, England
EC3R 6DU

Re: Commodity Futures Trading Commission v. Lake Shore Asset Management Limited, Lake Shore Group of Companies, Inc. Ltd., and Phillip J. Baker, Case No. 07 C 3598 (ND ILL)

To Whom It May Concern:

You have advised us of your position with respect to funds under your control in connection with the above matter. To ensure that the funds are preserved at best value pending the resolution of the pending claims, please assure that all funds under your control are fully invested in marketable US Treasury obligations maturing within six months. If there are any problems or if you have any suggestions in this regards, please let us know.

Robb Evans,



Robb Evans & Associates LLC
Receiver

EXHIBIT

5

ROBB EVANS & ASSOCIATES LLC
Temporary Receiver of Lake Shore Asset Management, Ltd., et al.

11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
Facsimile No.: (818) 768-8802

January 29, 2008

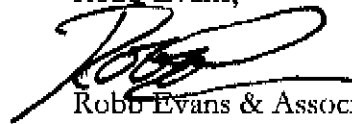
Newedge Group (UK Branch)
10 Bishops Square
London
E1 6EG

Re: Commodity Futures Trading Commission v. Lake Shore Asset Management Limited, Lake Shore Group of Companies, Inc. Ltd., and Phillip J. Baker, Case No. 07 C 3598 (ND ILL)

To Whom It May Concern:

You have advised us of your position with respect to funds under your control in connection with the above matter. To ensure that the funds are preserved at best value pending the resolution of the pending claims, please assure that all funds under your control are fully invested in marketable US Treasury obligations maturing within six months. If there are any problems or if you have any suggestions in this regards, please let us know.

Robb Evans,



Robb Evans & Associates I.L.C.
Receiver

ROBB EVANS & ASSOCIATES LLC
Temporary Receiver of Lake Shore Asset Management, Ltd., et al.

11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
Facsimile No.: (818) 768-8802

January 29, 2008

Lehman Brothers International (Europe)
25 Bank Street
London, England
E14 5LE

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