

Exhibit 14

Memo

To	Manuel Echeverría
From	Karine Courvoisier
Re	Issues related to Optimal Strategic US Equity Ltd and Optimal Arbitrage Ltd

Introduction

Optimal Multiadvisors Limited (the “**Optimal Fund**”) is an open ended umbrella investment company with limited liability, incorporated under the laws of the Commonwealth of the Bahamas on August 15, 1995 under the provisions of the International Business Companies Act 1989 (No. 2 of 1990).

The authorised share capital of the Optimal Fund consists of US\$1,000,000 participating shares, par value US\$0.01 per share (“**shares**”) and 1,000 ordinary shares, par value US\$1 per share. Optimal Investment Management Limited, the investment manager of the Optimal Fund, has purchased all of its ordinary shares. The investment manager is wholly owned by Santander Central Hispano Bank & Trust (Bahamas) Ltd.

The assets of each sub-fund of the Optimal Fund are traded through a separate trading company and each of these trading companies is a subsidiary of the Optimal Fund.

The trading companies are as follows:

- Optimal Arbitrage Ltd (hereafter “**Optimal Arbitrage**”)
- Optimal Global Trading Ltd
- Optimal European Opportunities Ltd and
- Optimal Strategic US Equity Ltd (hereafter “**Optimal SUS**”).

In reviewing the legal documentation related specifically to the management of Optimal Strategic US Equity Ltd and Optimal Arbitrage Ltd (specifically “Infiltrator”) (together “the **Funds**”), the Santander Central Hispano Group (hereafter “**SCH**”) has detected a number of issues that may involve legal risks for the Group. These issues need to be analysed and resolved.

The legal relationship with the entity managing the assets of the Funds is described here below.

Optimal SUS and Optimal Arbitrage

The contractual documentation related to the Funds has been signed on January 31, 1996 between Bernard L. Madoff Investment Securities (hereafter “**Madoff**”) and the Optimal Fund (formerly BPI Multiadvisors Limited).

Madoff is a New York based NASD (“U.S. National Association of Securities Dealers, Inc.”) registered broker-dealer acting primarily as a market maker in listed and unlisted stocks and convertible securities. As part of its investment management activity for the Funds, Madoff utilises a “split strike conversion” options strategy (described on page 4, see text proposed for the “Investment Policies” of Optimal SUS).

It should be noted that Madoff is very secretive and has a policy requiring its clients of not disclosing its name in any documents such as Prospectus, audited financial statements, marketing reports,...

The agreements entered between the parties above-mentioned are the following:

- 1.**Opening Account Document** whereas the Optimal Fund has established a brokerage account for the Funds at Madoff.
- 2.**Customer Agreement** relating to the opening or maintaining of the accounts opened with Madoff.
This Agreement should be considered as a Custody Agreement;

3.Trading Authorization Limited to Purchases and Sales of Securities whereby the Optimal Fund authorizes Madoff as his agent and attorney in fact to buy, sell and trade in stocks, bonds and any other securities for its account. This Agreement should be considered as a general power of attorney (discretionary);

Option Agreement which states the terms and conditions and risks of transactions in option contracts Issues to be discussed:

In reviewing the Agreements, it is noted that the contractual documentation and specifically the power of attorney given to Madoff has probably to be limited and to describe its management activity for the Funds.

In order to protect more efficiently the interests of the investors and indirectly those of SCH and the legal entities of the Optimal Fund, the following issues are to be discussed and resolved:

According to the Customer Agreement, we understand that the assets of the Funds are held by Madoff itself. In this regard, when asked why a client could not custody securities elsewhere, i.e. outside the Madoff organisation, Madoff offers two reasons:

- A) Unforeseen operational issues such as trade settlement could compromise the strategy. For example, if the 30 or so stocks that compose the basket fail to settle at the same time then the basket's correlation to the S&P 100 may be jeopardized.
- B) If the securities were to be delivered to an external custodian a client could conceivably sell out any leg of a trade, which would compromise the strategy.

In our process of improving the contractual relationship with Madoff, we have achieved part of the disclosure above-mentioned by the text our auditors of the Optimal Fund (PricewaterhouseCoopers Bahamas) have included in their audit, clearly stating that the assets of the Funds are held by Madoff.

The text reads as follows:

"BROKER-DEALER AND CUSTODIAN AGREEMENT:

Pursuant to an agreement dated January 31, 1996, Bernard L. Madoff Investment Securities LLC (Madoff), a New York based financial institution, is authorized to act as the Series' broker-dealer for all US equity, US Treasury and option transactions, these transactions being executed with Madoff as the principal. For the services provided, Madoff receives the principal spread on all security transactions executed for the Series. Madoff also acts as custodian for investment assets of the Series. For the year ended December 31, 2001, Madoff executed transactions of approximately \$7.1 billion for the Series."

- 2) To ask for a legal opinion regarding the legal status of Madoff as a Broker-Dealer, Custodian and "investment manager" of the Optimal Fund under the laws of New York.
- 4) To disclose in the Prospectus of the Optimal Fund, in particular under the section related to the Funds that their assets are held by Madoff and not by SCH To change the contractual party of the Agreements and have separate agreements between Madoff and the Funds.
- 5) To prepare an "Investment Manager/Adviser Agreement" construed and governed in accordance with the laws of New York and submit it to Madoff for his consideration in order to clarify and limit the power of attorney given to this entity. We expect that Madoff will not agree with the above.
- 6) To discuss the possibility of signing a sub-advisory agreement between Madoff and Optimal Investment Services S.A. or a delegation of Madoff's duties in relation to the Funds with the prior consent of Optimal Multiadvisors Ltd and the Investment Manager.
- 7) To prepare a revised text describing the Investment Strategy applied to the Funds included in the Prospectus of the Optimal Fund. It is decided to then send it to Madoff for any comments and/or written approval.

The current text for Optimal SUS reads as follows:

“STRATEGY:

Optimal Strategic US Equity Series (hereafter “Optimal SUS”) invests its assets with a single fund manager. The manager invests primarily in a basket of S&P 100 stocks. The manager also employs an index option overlay as a hedge against adverse market movements and to preserve existing investor capital. The strategy is quantitative in nature and seeks to achieve consistent mid-teen returns over a long-term horizon.”

The proposed text should disclose the name of Madoff and should state the following:

“Investment Policies

Optimal Strategic US Equity Series (hereafter “Optimal SUS”) seeks to obtain long-term capital appreciation of its assets through the utilization of non-traditional options trading strategies. In attempting to achieve its objective, Optimal SUS has established a discretionary account at Bernard L. Madoff Investment Securities (“BLM”), a registered broker-dealer in New York, who utilizes a strategy described as “split strike conversion”(generally consisting of the purchasing of equity shares, the selling of related options representing a number of underlying shares equal to the number of shares

purchased, and the buying of related put options representing the same number of underlying shares, see description below). All investment decisions in the account at BLM are effected by persons associated with BLM. The firm, which employs approximately 200 people, acts primarily as a market maker in stocks and convertible securities. Most of the stocks for which it acts as a market maker are also listed on the New York Stock Exchange. All investments involve investment risk and may result in losses instead of gains, as the achievement of Optimal SUS’ investment objective cannot be assured. See “Risk Factors”.

The strategy utilized by BLM is called “split-strike conversion” and entails:

- (i)purchasing a basket of thirty (30) to forty (40) large-capitalization S&P 100 stocks which together account for the greatest weight of the Index and therefore, when combined, present a high degree of correlation with the general market;
- (ii)selling out-of-the-money S&P 100 Index call options representing a dollar amount of the underlying Index equivalent to the dollar amount of the basket of shares purchased;
- (iii)purchasing out-of-the-money or at-the-money S&P Index put options in the same dollar amount.

The strategy aims to limit losses when stock prices decline while still affording an upside potential that is capped to the strike price of the short call when stock prices rise. The long put/short call position constitutes a “synthetic” short of the market, which provides a hedge against the long stock positions. Proprietary systems continuously optimize the basket of stocks to replicate the performance of the overall market at low cost. Put and call option positions are actively managed as strike prices and maturities are adjusted in response to relative valuations and general market movements.

Temporary Investments

Pending investment of capital of Optimal SUS in accordance with Optimal SUS’ Investment Policies and permitted by this Explanatory Memorandum, Madoff may decide to hold cash or invest in cash equivalents. Among the cash equivalents are: obligations of the United States Government, its agencies or instrumentalities, commercial paper, and certificates of deposit and bankers’ acceptances issued by the United States banks that are members of the Federal Deposit Insurance Corporation. Optimal SUS may also enter into repurchase agreements and may purchase

shares of money market mutual funds in accordance with applicable legal restrictions. However, in practice Madoff usually invests in US Treasury Bills.

Transaction Executions

BLM acts as a principal in connection with its sale of securities to Optimal SUS and the purchase of securities from Optimal SUS. BLM acts as a market maker in the stocks purchased and sold by Optimal SUS. These market making activities enable BLM to trade with Optimal SUS as principal. The options transactions executed for the benefit of Optimal SUS are effected, primarily, in the over-the-counter market, not on a registered options exchange. BLM is not a market maker in options. See below “Potential Conflicts of Interest”.

Potential Conflicts of Interest

The Investment Manager, its principal, and BLM and its principals, may form and manage other investment entities (including without limitation investment partnerships, investment companies, mutual funds and offshore funds) in the future with substantially the same or different objectives as those of Optimal SUS. They may also make investments in securities for their own accounts. Such activities could detract from the time they allocate to the affairs of Optimal SUS and BLM, as the case may be. Similarly, Mr. Anthony Inder Rieden and Ms. Dawn Davies, the non-affiliated directors of Optimal Multiadvisors Ltd, have other business interests and will not devote their entire time to Optimal SUS’ affairs.”

The lawyers will determine if the above description of the Investment Strategy of Optimal SUS is adequate or if we need to elaborate more in this respect.

Conclusion

In consideration of the above, we propose to meet with the lawyers in New York to seek for legal opinion in relation to the issues above described. It is then intended to revise all the contractual documentation with Madoff and redraft its Investment Strategy applied to the Funds.

The proposed NY lawyers are the following:

1. Seward and Kissel, John Tavss and Steve Nadel, tavss@sewkis.com, 212-574-1261, assistant: griffiths@sewkis.com.
2. Shulthe, Roth, Stewart Friedman, 212-758-0404, stewart.freedman@srz.com

Karine Courvoisier