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**Julius Bär**

JULIUS BAER BANK AND TRUST COMPANY LTD.

*Strictly Private and Confidential*

**Report on Termination of Employment of Rudolf Elmer  
Prepared for Executive Committee's Grievance Review**

Attention: **Walter Knabenhan  
Michel Vukotic  
Bernard Spilko**

**1. Introduction**

1.1 This report sets out the background to, and reasons for, the termination of the employment of Rudolf Elmer ("Mr Elmer") by Julius Baer Bank and Trust Company Ltd ("the Company").

1.2 Mr Elmer's employment was terminated pursuant to a letter from the Company dated 10<sup>th</sup> December 2002, for the following reasons:

1.2.1 It was a pre-condition of Mr Elmer's ongoing employment that he successfully completed a security clearance programme, which included a polygraph examination.

1.2.2 Mr Elmer did not successfully complete the security clearance programme and instead attempted to deceive the polygraph examiner in one of the pre-examination interviews. The Company regards that conduct as unacceptable.

1.2.3 Following his attempt to deceive the polygraph examiner, Mr Elmer wrote, or caused to be written, communications which evidence a complete breakdown of trust between him and the Company. In particular, those letters show that Mr Elmer does not trust his immediate superior, Mr Farrington. The Company no longer has any confidence that Mr Elmer can continue to perform his duties under Mr Farrington's direction.

1.2.4 As a result of these matters, the Company elected to terminate Mr Elmer's employment in accordance with the provisions of his employment agreement.

1.3 Mr Elmer has requested that the Company's decision to terminate his employment be reviewed by the Executive Committee of the Board of Directors. Mr Elmer has no contractual right to such a review, but the Company has no objection in the circumstances. The Company's Employee Guidelines issued in May 2001 provide, at the option of the Company, for a review by its Managing Director. Normally the review would be conducted by Mr Farrington. Because of Mr Elmer's attitude towards Mr Farrington, it is accepted that the review should be conducted by an Executive Committee of the Board of directors. Mr

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Company must be brought to an end in this manner, but the Company believes that it has acted fairly in this case.

Dated this 10<sup>th</sup> day of February 2003



First Ever Bank and Trust Company Limited

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