

Subject: RE: Southern Financial - IA Request [I]
From: Stewart Oldfield <[REDACTED]>
Date: Wed, 29 Jun 2016 09:49:50 -0400
To: Vahe Stepanian <[REDACTED]>,
Andrew Xu <[REDACTED]>,
Roddy Moore <[REDACTED]>
Cc: Daniel Sabba <[REDACTED]>
Keith Buckholz <[REDACTED]>

Classification: For internal use only

Have you looked at the historical vol on these securities? Seems like it should be much lower than it is for equities, yet the IA seems to be in the neighborhood of what it would be for single name equity exposure. These trade much more like fixed income

From: Vahe Stepanian
Sent: Wednesday, June 29, 2016 9:46 AM
To: Andrew Xu; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz; Stewart Oldfield
Subject: RE: Southern Financial - IA Request [I]

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The client would still go long multiple CUSIPs – in other words, he would still be diversified because he wouldn't be buying \$20mm in just one or two names. Would you be more comfortable if we agreed upon a minimum number of CUSIPs as it relates to the \$20mm notional?

Best,

Vahe

From: Andrew Xu
Sent: Wednesday, June 29, 2016 9:38 AM
To: Vahe Stepanian; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz
Subject: RE: Southern Financial - IA Request [I]

Classification: For internal use only

No that doesn't work. The basket creates diversity which helps your client. Individual TRS on each stock doesn't do that.

Andrew Xu, CFA

From: Vahe Stepanian
Sent: Wednesday, June 29, 2016 8:34 AM
To: Andrew Xu; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz
Subject: RE: Southern Financial - IA Request [I]

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Andrew – quick follow up question. Global Markets informed us this AM that it isn't operationally feasible to execute the basket of preferreds as one Total Return Swap. Instead, the client would need to trade an individual TRS on each CUSIP in the basket. With that said, would the IA remain 40% for each TRS?

Best,

Vahe

From: Andrew Xu
Sent: Tuesday, June 28, 2016 1:19 PM
To: Vahe Stepanian; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz
Subject: RE: Southern Financial - IA Request [I]

Classification: For internal use only

Ok thanks. I'm satisfied on our end.

Andrew Xu, CFA

From: Vahe Stepanian
Sent: Tuesday, June 28, 2016 1:17 PM
To: Andrew Xu; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz
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Andrew – just in the brokerage accts there are > \$100mm in assets.

Thank you,

Vahe

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EPSTEIN



SOUTHERN FINANCIAL LLC 6100 RED HOOK QUARTER B3 ST THOMAS VI 00802

98,610,505.00

EPSTEIN



THE HAZE TRUST UAD 02/09/99 JEFFREY EPSTEIN & DARREN K INDYKE TTEES 6100
RED HOOK QUARTER B3 ST THOMAS VI 00802

41,108,732.17

EPSTEIN

[REDACTED]

SOUTHERN TRUST COMPANY INC 6100 RED HOOK QUARTER B3 ST THOMAS VI 00802

7,668,026.80

EPSTEIN

[REDACTED]

JEEPERS INC 6100 RED HOOK QUARTER B3 ST THOMAS VI 00802

7,108,576.30

EPSTEIN

[REDACTED]

J EPSTEIN VIRGIN ISLANDS FOUNDATION INC 6100 RED HOOK QUARTER B3 ST THOMAS VI 00802

1,367,641.87

EPSTEIN

[REDACTED]

JEFFREY EPSTEIN 6100 RED HOOK QTRS STE B-3 ST THOMAS VI 00802-1348

667,218.67

From: Andrew Xu
Sent: Tuesday, June 28, 2016 1:04 PM
To: Vahe Stepanian; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz
Subject: RE: Southern Financial - IA Request [I]

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I'm ok with the 3/31. Do we have a bank / brokerage statement? How much assets they have with us? If they have a lot I don't need an updated one.

Andrew Xu, CFA

From: Vahe Stepanian
Sent: Tuesday, June 28, 2016 11:21 AM
To: Andrew Xu; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz
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Thanks Andrew. For the caveat - we received updated financials which were sent over to your team as of 3/31/16 (Q1) – will forward under separate cover. Per the agreed ISDA amendment (attached), the client has 10 business days from the end of the relevant calendar quarter to deliver updated financials. Let us know if the caveat still applies?

As of now the client has enough cash in house to meet the IA requirement – we can revisit if he wishes to post other assets.

Best,

Vahe

From: Andrew Xu
Sent: Tuesday, June 28, 2016 11:00 AM
To: Vahe Stepanian; Roddy Moore
Cc: Daniel Sabba; Keith Buckholz

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Hi Vahe,

We can do 40% IM for this trade. Caveat, we need updated financials and brokerage statements. Additionally we need to discuss what type of collateral they are going to post. If non standard we should talk now, but if standard(cash, munis, treasuries) we have no issues.

Thank you.

Andrew Xu, CFA

From: Vahe Stepanian
Sent: Tuesday, June 28, 2016 8:24 AM
To: Roddy Moore; Andrew Xu
Cc: Daniel Sabba
Subject: RE: Southern Financial - IA Request [I]

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Roddy / Andrew – please let us know.

Best,

Vahe

From: Vahe Stepanian

Sent: Monday, June 27, 2016 11:44 AM
To: Roddy Moore; Andrew Xu
Cc: Daniel Sabba
Subject: Southern Financial - IA Request [I]

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Roddy/Andrew – Southern Financial has indicated that they would like to enter into a TRS on the attached basket of preferreds. The total notional size would be \$20mm and assume 1y tenor.

What would be the required IA for the attached basket?

Thank you,

Vahe

Vahe Stepanian

Key Client Partners

Deutsche Bank Securities Inc.
Tel. [REDACTED]
Mobile [REDACTED]
Email [REDACTED]