

To: [REDACTED]
From: Jeffrey Epstein
Sent: Wed 10/9/2013 7:58:28 AM
Subject: Re: update

the losses are bad, take them.

On Wed, Oct 9, 2013 at 4:48 AM, [REDACTED] wrote:

Hi Jeffrey,

It has already been a long week in a long month and I wanted to communicate about the position. It is down around \$600k right now. About \$173k is realized, the rest is unrealized. The bulk of the unrealized losses are in and AUD option, a NZD option and a GBP option, each approx \$5-8 m notional.

I don't want to do anything without your agreement, since we are living in an unprecedented insanity which could have dire consequences for U.S. credibility and creditworthiness, but even if there is no debt default now, eight days of a partial govt shutdown will have consequences on the economy in months to come. I think that commercial real estate and the bond market will be especially hard hit.

Originally I had two major premises supporting my higher USD/lower AUD, NZD, CAD and JPY positions:

- 1) major commodity prices would fall in reaction to slowing global growth and oil importers would no longer need a strong currency to keep imported USD denominated oil prices down.
- 2) the US treasury dept would work to keep the USD strong in order to attract capital a market with falling bond prices.

It is possible that new economic stagnation could push oil prices down and the USD up. It is possible that the US Treasury might try to attract capital by trying to prop up the USD. I don't want to keep these positions at a time like this without your approval, however. I was planning to reduce positions further tomorrow, but this will inevitably lock in more losses. I was planning on still keeping some small AUD and NZD positions, but only if you feel comfortable keeping them at this time.

I am so grateful for the opportunity you ve given me. I have been pricing the portfolio many times each day in hopes of finding a means of locking in more profit. I realize that I am opening and closing delta hedges just to try

to make money because I hate being down as I am. I now think that this is too dangerous a strategy and I want to take down alot of the risk, which will involve locking in losses. No one hates to do it more than I do, but I don't want to put you at more risk in case the US does default.

All thought appreciated. Thank you again.

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