

**AFFIDAVIT OF GLENN DUBIN**

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK)

Glenn Dubin, being duly sworn, deposes and says:

1. I am over twenty-one years of age and am competent to testify to the matters stated herein because I have personal knowledge of the facts and statements in this affidavit. Each of the facts and statements is true and correct.
2. From 2002 and through 2007, an entity that I controlled owned an interest in the management company that served as the general partner of DB Zwirn Special Opportunities Fund, L.P. ("Fund"). The Fund was named after Daniel Zwirn ("Zwirn"). While Zwirn was responsible for day-to-day management of the Fund, I helped raised capital for the Fund and Zwirn would consult with me about various issues. In addition, I was Chief Executive Officer of Highbridge Capital Management, which invested significant sums with Zwirn through a managed account ("Highbridge Managed Account").
3. In March of 2006, I learned from Zwirn that investor funds had been used to pay for a private plane owned by Zwirn's management company. Although the money was repaid by Zwirn, this transaction represented a significant error of judgment and a break down in accounting controls. After investigating the details of this transaction, I subsequently have learned that Zwirn knew full well about this transaction at the time, yet he told investors throughout 2006 that he had no knowledge of it until after-the-fact.
4. As well, I learned that Zwirn's management company paid itself management fees ahead of when the fees should have been paid. The early payment did not represent a huge amount of money but it again highlighted a seriously control issue within Zwirn's management company.
5. Contrary to my advice that Zwirn immediately inform all investors of these issues, Zwirn decided to "investigate" the matters, allowing outside counsel to conduct an extended investigation of what were relatively discrete (but significant) issues. I felt that this information was material and should have been disclosed to investors immediately.
6. The investigation mentioned above focused on the conduct of Perry Gruss ("Gruss"), who was the Chief Financial Officer for Zwirn's management company. After the investigation was concluded, Zwirn decided that Gruss had to be fired. In late September 2006, Gruss quit before Zwirn could fire him.
7. In mid-October 2006, Zwirn called every investor to explain that Gruss had been fired. While I do not know what Zwirn actually told each investor, Zwirn told me that he did

not intend to explain why Gruss had been fired, but that he would explain there had been some immaterial issues and that no one other than Gruss was involved.

8. About the time that Zwirn was preparing to make the calls mentioned above, Zwirn told me that he had discovered additional accounting irregularities. These issues were much more serious. In particular, Zwirn told me that Gruss was taking money from other Zwirn-managed funds and the Highbridge Managed Account and using it to make investments for the Fund ("Interfund Transfers"). While these Interfund Transfers were intended to be advances or loans, no formal documentation was put in place between the entities nor was any provision made to compensate the investors making the advances or loans. At the time, Zwirn told me that he knew nothing about these Interfund Transfers until Gruss's subordinates came forward after Gruss's departure.
9. In late October 2006, Zwirn again called all the investors. Again, while I do not know what Zwirn told each investor, Zwirn informed me that his plan was to reveal the specific issues that had surfaced, to blame everything on Perry Gruss, and emphasize that he had nothing to do with these transactions.
10. I have learned that Zwirn clearly knew about the fact that investor funds were used to purchase his personal airline. Zwirn claimed that he thought the plane was purchased with his own funds and proceeds of a loan. But Zwirn knew that he did not have sufficient personal funds to purchase the plane and knew that the loan to fund the purchase did not close until two months after the purchase closed.
11. I have learned that Zwirn knew about the Interfund Transfers when they occurred. [HOW? WE NEED HELP HERE.]
12. During November 2006, Jeffrey Epstein demanded a withdrawal of the entire investment in the Fund made by Financial Trust Company ("FTC"), which he owns and controls. Zwirn was very concerned about this demand because he feared it could cause a "run-on-the-bank." Zwirn told me that Epstein's demand had exposed a problem with the Fund's governing documents when dealing with investments made over a period of time. Specifically, Epstein read the Fund's Limited Partnership Agreement to calculate the withdrawal window for such a series of investments based on a single date for the entire investment. According to Epstein's interpretation, FTC had the right to withdraw its entire capital account at that time. Zwirn told me that the Fund had never focused on the issue in great detail but had internally assumed that each investment had its own distinct withdrawal window. Zwirn confessed to me that after reviewing the documents, he believed that Epstein's interpretation was consistent with the contractual language. As a result, Zwirn conceded that he had to make some sort of arrangement with FTC, and asked if I could help convince Epstein to reduce his demand. I agreed to help Zwirn.

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Glenn Dubin

Sworn to before me this \_\_\_ day of March 2011.

(Seal)

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Notary Public in and for  
THE STATE OF NEW YORK