

FINRA ARBITRATION

IN THE MATTER OF	§	
	§	
FINANCIAL TRUST COMPANY, INC.,	§	
THE C.O.U.Q. FOUNDATION, INC.,	§	Case No. 09-00979
	§	
	§	
v.	§	
	§	Arbitrators: _____
THE BEAR STEARNS COMPANIES,	§	
BEAR STEARNS & CO., BEAR	§	
STEARNS ASSET MANAGEMENT,	§	
AND WARREN SPECTOR	§	

**Claimant’s Response to The Bear Stearns Respondents’
First Request for the Production of Documents and Information**

Claimants Financial Trust Company, Inc. and The C.O.U.Q. Foundation, Inc. (collectively referred to as “FTC”) hereby respond to The Bear Stearns Respondents’ First Request for the Production of Documents and Information as follows:

OBJECTIONS TO DEFINITIONS AND INSTRUCTIONS

1. FTC objects to any and all instructions or definitions which would require FTC to respond in a manner beyond that required by the Code of Arbitration Procedure.
2. FTC objects to the instructions and requests that seek documents that are not in FTC’s possession, custody or control.
3. FTC objects to each request to the extent that it calls for any documents that were prepared for or in anticipation of litigation, constitute attorney work-product, contain attorney-client communications, or are otherwise subject to a privilege.
4. FTC objects to the production of documents that contain proprietary and confidential information belonging to third parties. FTC will not produce such documents without the permission of the third party.

5. FTC reserves the right to update its Responses as more information becomes available to it.

6. FISCO objects to the Requests for Information to the extent that they seek information that exceeds the identification of “names, entities, and time periods related to the disputes” as allowed by Rule 12507 of the Code of Arbitration Procedure for Customer Disputes. This objection applies to each and every Request for Information.

7. FTC asserts each of these general objections to each of the requests herein. FTC also asserts specific objections to particular requests. The failure to assert a general objection to a particular request does not constitute a waiver of any general objections. Subject to and without waiving the above general objections to all paragraphs of the requests, FTC responds to the individual requests as follows:

Documents Requested

1. All documents or categories of documents referenced in the Guide at Document Production List Two: Documents to Be Produced in All Customer Cases, and at Document Production Lists Eight and Ten, identifying additional discoverable documents for cases alleging misrepresentation/omission, and negligence/breach of fiduciary duty, respectively

Response: FTC incorporates its separate response to the Discovery Guide Requests.

2. All documents relied upon in drafting the Amended Statement of Claim.

Response: FTC objects because this request invades the work-product and attorney client privileges. To the extent such documents are responsive to other requests, FTC will produce the responsive documents.

3. All documents concerning allegations in the Amended Statement of Claim.

Response: FTC objects because this request is overly broad, vague, and unduly burdensome. Subject to the forgoing objection, FTC will produce responsive documents.

4. All documents concerning investments by Claimants in the Funds.

Response: FTC objects because this request is overly broad, vague, and unduly burdensome. Subject to the forgoing objection, FTC will produce responsive documents.

5. All documents concerning investments by Claimants in any Bear Stearns Fund.

Response: FTC objects because this request is overly broad, vague, unduly burdensome, and not calculated to lead to the discovery of relevant information to the extent it seeks information not related to the Funds at issue. Subject to the forgoing objection, FTC will produce responsive documents.

6. All documents concerning investments by Claimants in the Funds on behalf of or as trustee for any third party, including without limitation The Wexner Children's Trust II.

Response: FTC objects because this request is overly broad, vague, and unduly burdensome. Subject to the forgoing objection, FTC will produce responsive documents.

7. All documents concerning investments by Claimants in any Bear Stearns Fund on behalf of or as trustee for any third party, including without limitation The Wexner Children's Trust II.

Response: FTC objects because this request is overly broad, vague, unduly burdensome, and not calculated to lead to the discovery of relevant information to the extent it seeks information not related to the Funds at issue. Subject to the forgoing objection, FTC will produce responsive documents.

8. All documents concerning any statement by or on behalf of Respondents or any Fund Manager concerning the Funds, including statements concerning the Funds' management, operation, underlying investments or investment performance.

Response: FTC will produce responsive documents.

9. All documents concerning any communication between Claimants and Respondents or any Fund Manager concerning the Funds.

Response: FTC will produce responsive documents.

10. All documents concerning any advice, recommendations, or analyses that Claimants requested or received with respect to the Funds.

Response: FTC objects because this request is overly broad, vague, and unduly burdensome. Subject to the forgoing objection, FTC will produce responsive documents.

11. All documents concerning any advice, recommendations, or analyses that Claimants requested or received concerning any actual, proposed or contemplated transaction involving a limited partnership interest or other interest in the Funds.

Response: FTC objects because this request is overly broad, vague, and unduly burdensome. Subject to the forgoing objection, FTC will produce responsive documents.

12. All documents concerning any communications between Claimants and any other investor in the Funds concerning the Funds.

Response: FTC will produce responsive documents.

13. All documents relied upon by Claimants in making their decisions to invest in the Funds.

Response: FTC will produce responsive documents.

14. All documents concerning any actual, proposed or contemplated redemption or sale of all or any portion of any of Claimants' shares or other ownership interests in the Funds.

Response: FTC objects to the extent this requests seek information about transfers after the events in question because such information is not relevant. Subject to the forgoing objection, FTC will produce responsive documents.

15. All documents concerning any request by Claimants to redeem any shares or other ownership interest in the Funds.

Response: FTC will produce responsive documents.

16. All documents concerning any other Bear Stearns Fund.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information and is overly burdensome.

17. All documents concerning communications between Claimants and Respondents concerning any other Bear Stearns Fund.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information and is overly burdensome.

18. All governing formation or organizational documents for Claimants that were in effect at any time between July 1, 2003 and the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information and is calculated to harass Claimants.

19. Documents sufficient to show all members, officers, directors and employees of Claimants from July 1, 2003 until the present, including their (a) titles, and (b) duties and responsibilities.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information and is calculated to harass Claimants.

20. Documents sufficient to show all financial advisors or financial analysts employed by Claimants from January 1, 2001 until the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

21. Documents sufficient to show all employees, officers, directors, or trustees involved in making investment decisions on behalf of Claimants.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants. Subject to the forgoing objection, FTC will produce responsive documents relating to the investments in the Funds.

22. Documents sufficient to show all entities and individuals for which or on whose behalf Claimants have invested or managed funds from July 1, 2003 until the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants and its clients.

23. Documents sufficient to show the complete educational and employment background of (a) Jeffrey Epstein, (b) Harry Beller, (c) Darren Indyke, and (d) Lesley Groff.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information and is overly burdensome. Subject to the forgoing, FTC will produce documents sufficient to show Mr. Epstein's educational and employment history to the extent such documents are readily available to FTC.

24. Documents sufficient to show Claimants' (a) overall assets, (b) investable assets, and (c) earnings for the years 2003 to the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

25. All documents concerning the “financial consulting services” offered and provided by FTC to third-parties as alleged on page 7 of the Amended Statellent of Claim.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants and its clients.

26. All documents concerning Claimants’ actual, proposed or contemplated investment guidelines, objectives, policies and/or strategies between July 1, 2003 and the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague.

27. All documents including, but not limited to, guidelines, protocols and manuals, concerning Claimants’ analyses, due diligence, portfolio monitoring and capabilities for analyses concerning their investments.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague. Subject to the forgoing objection, FTC will produce any responsive documents that may exist regarding the investments in the Funds.

28. All documents concerning analyses, due diligence and portfolio monitoring Claimants conducted concerning their investments from July 1, 2003 to the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

29. All documents concerning analyses, due diligence and portfolio monitoring Claimants conducted concerning the Funds from July 1, 2003 to the present.

Response: FTC objects because this request is unduly vague. Subject to the forgoing objection, FTC will produce responsive documents relating to FTC's investment in the Funds.

30. All documents including notes, emails and memoranda concerning communications with respect to the Funds.

Response: FTC objects because this request seeks information protected by the work-product and attorney-client privileges. Subject to the forgoing objection, FTC will produce responsive documents.

31. To the extent not produced in response to Document Request No. 1, all documents concerning any ownership interest (whether beneficial, direct, indirect or otherwise) that Claimants held in any hedge fund, private equity fund or other business entity, at any time between January 1, 2001 and the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

32. To the extent not produced in response to Document Request No. 1, all documents concerning any actual, proposed or contemplated investment by or on behalf of Claimants in any hedge fund, private equity fund or other business entity, at any time between January 1, 2001 and the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

33. To the extent not produced in response to Document Request No. 1, all documents concerning any investments made, or held by, or on behalf of Claimants or investment accounts other than those concerning the Funds, from January 1, 2001 to the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

34. All documents concerning Respondent Warren Spector (“Spector”).

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague. Subject to the forgoing objection, FTC will produce responsive documents relating to the Funds.

35. All document concerning communications, from July 1, 2003 to the present, between Claimants and Spector.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague. Subject to the forgoing objection, FTC will produce responsive documents relating to the Funds.

36. All documents concerning meetings, from July 1, 2003 to the present, between Claimants and Spector.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague. Subject to the forgoing objection, FTC will produce responsive documents relating to the Funds.

37. All documents Claimants sent to or received from Spector, from July 1, 2003 to the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague. Subject to the forgoing objection, FTC will produce responsive documents relating to the Funds.

38. All documents concerning communications, from July 1, 2003 to the present, between Claimants and (a) Respondents, (b) any Fund Manager, (c) Evan Kerr, (d) Heather Malloy, and (e) Ira Zicherman.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague. Subject to the forgoing objection, FTC will produce responsive documents relating to the Funds.

39. All documents concerning meetings, from July 1, 2003 to the present, between Claimants and (a) Respondents, (b) any Fund Manager, (c) Evan Kerr, (d) Heather Malloy, and (e) Ira Zicherman.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague. Subject to the forgoing objection, FTC will produce responsive documents relating to the Funds.

40. All documents concerning Claimants' communications with any other financial advisors, investment advisors, or hedge fund managers, from January 1, 2001 to the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

41. Documents sufficient to show all of the investments made or held by or on behalf of Claimants from January 1, 2001 to the present.

Response: FTC objects because this request is not calculated to lead to the discovery of relevant information, is overly burdensome and vague, and is calculated to harass Claimants.

42. All documents concerning Claimants' participation in or attendance (personally, or via telephone or any other medium) at investor conference calls regarding the Funds or any other Bear Stearns Fund.

Response: FTC objects to the extent this request seeks document unrelated to the Funds as not calculated to lead to the discovery of relevant information. Subject to the forgoing, FTC will produce responsive documents.

43. All recordings or documents concerning recordings of any investor conference calls or other telephone calls regarding the Funds or any other Bear Stearns Fund.

Response: FTC objects to the extent this request seeks document unrelated to the Funds as not calculated to lead to the discovery of relevant information. Subject to the forgoing, FTC will produce responsive documents.

44. All documents concerning Claimants' participation in or attendance (personally, or via telephone or any other medium) at any conference call or other presentation conducted by or on behalf of any Bear Stearns Entity or Fund Manager concerning (a) collateralized debt obligation securities, (b) mortgage-backed securities, (c) asset-backed securities, (d) securitization of mortgages, (e) the secondary market for trading in mortgage-backed products, and (f) any type of security or asset held, directly or indirectly, by the Funds.

Response: FTC objects to the extent this request seeks document unrelated to the Funds as not calculated to lead to the discovery of relevant information. Subject to the forgoing objection, FTC will produce responsive documents.

45. All documents concerning Claimants' attempts, if any, to obtain information concerning the Funds' underlying investments.

Response: Subject to the understanding this request only relates to the time period before the Funds imploded, FTC will produce responsive documents.

46. All documents concerning Claimants' knowledge concerning the Funds' subprime exposure (whether direct or indirect).

Response: Subject to the understanding this request only relates to the time period before the Funds imploded, FTC will produce responsive documents.

47. All documents concerning Claimants' knowledge of the Funds' underlying investments and performance.

Response: Subject to the understanding this request only relates to the time period before the Funds imploded, FTC will produce responsive documents.

48. All documents concerning Claimants' views of whether the Funds' exposure to subprime mortgages was important to their decision to invest in the Funds or to hold onto their investments in the Funds.

Response: FTC will produce responsive documents.

49. All documents concerning Claimants' attempts, if any, to obtain information concerning the actual or potential risks of investing, directly or indirectly, in collateralized debt obligations, collateralized mortgage obligations, mortgage-backed securities, asset-backed securities, and the subprime market.

Response: FTC objects to the extent this request seeks document unrelated to the Funds as not calculated to lead to the discovery of relevant information. Subject to the forgoing objection, FTC will produce responsive documents.

50. All documents concerning Claimants' views with respect to the risks involved in investing, directly or indirectly, in collateralized debt obligations, collateralized mortgage obligations, mortgage-backed securities, asset-backed securities and the subprime market.

Response: FTC objects to the extent this request seeks document unrelated to the Funds as not calculated to lead to the discovery of relevant information. Subject to the forgoing objection, FTC will produce responsive documents.

51. All documents concerning any advice, recommendations, or analyses that Claimants requested or received with respect to investments, direct or indirect, in collateralized debt obligations, collateralized mortgage obligations, mortgage-backed securities, asset-backed securities and the subprime market.

Response: FTC objects to the extent this request seeks document unrelated to the Funds as not calculated to lead to the discovery of relevant information. Subject to the forgoing objection, FTC will produce responsive documents.

52. All documents concerning Claimants' reliance on statements, omissions, or representations allegedly made by Respondents or any Fund Manager.

Response: FTC objects to the extent this request seeks document unrelated to the Funds as not calculated to lead to the discovery of relevant information. Subject to the forgoing objection, FTC will produce responsive documents.

53. All documents concerning Claimants' claims for damages, including their claims for compensatory damages, recessionary damages, interest, and punitive damages.

Response: FTC objects because this request invades the work-product and attorney-client privileges. Subject to the forgoing objection, FTC will produce responsive documents.

54. All documents concerning the allegation on page 3 of the Amended Statement of Claim that "in reality, Respondents created the Enhanced Fund as part of a scheme both to alleviate the looming liquidity problems that the High Grade Fund began to encounter and to

facilitate fraudulent manipulations of fund portfolio values already taking place in the High Grade Fund.”

Response: FTC objects because this request invades the work-product and attorney-client privileges. Subject to the forgoing objection, FTC will produce responsive documents.

55. All documents concerning the allegations on page 4 of the Amended Statement of Claim that “Respondent Spector . . . personally solicited FTC, through Epstein, to invest in the Enhanced Fund, providing clearly misleading and false assurances about the Fund and its investment safety . . . [and] bolstered this safety representation and secured Epstein’s unsuspecting confidence in Respondents’ scheme by falsely claiming to have made his own personal investment in the Fund.”

Response: FTC objects because this request invades the work-product and attorney-client privileges. Subject to the forgoing objection, FTC will produce responsive documents.

56. All documents concerning the allegation on page 7 of the Amended Statement of Claim that “[a]fter the ABS Fund collapsed, COUQ transferred its shared in the ABS Fund to another charitable foundation, but COUQ did not transfer its legal claims.”

Response: FTC objects because this request invades the work-product and attorney-client privileges. FTC further objects to this request as potentially seeking information not calculated to lead to the discovery of relevant information. Subject to the forgoing objection, FTC will produce the legal documents that memorialize the transfer.

57. All documents concerning the allegation on page 9 of the Amended Statement of Claim that “[f]or more than 26 years, Epstein invested millions of dollars in various Bear Stearns’ [sic] sponsored investments, relying principally on the assurances, advice and

representations of Spector and other executives at the highest levels of Bear Stearns' management."

Response: FTC objects because this request invades the work-product and attorney-client privileges. FTC further objects because this information is equally available to Respondents and as to FTC and it is overly burdensome to require to produce the information to Respondents. Subject to the forgoing objection, FTC will produce responsive documents.

58. To the extent not called for by the preceding requests or by the applicable portions of the Guide, all documents concerning (a) the Funds, (b) the Fund Managers, (c) Evan Kerr, (d) Heather Malloy, (e) Ira Zicherman, (f) any other Bear Stearns Fund, and (g) Respondents.

Response: FTC objects because this request is vague, overly burdensome, and potentially seeks information that not calculated to lead to the discovery of relevant information.

Information Requested

1. Provide all information referenced in the Guide at Document Production List Two: Documents to Be Produced in All Customer Cases, and at Document Production Lists Eight and Ten, identifying additional discoverable information for cases alleging misrepresentation/omission and negligence/breach of fiduciary duty, respectively.

Response: FTC objects because it cannot tell what the information request seeks. It appears to violate FINRA 12507. FTC incorporates its Response to Discovery Guide requests.

2. Identify each person with knowledge or information relevant to the subject matter of the Amended Statement of Claim.

Response:

Jeffrey Epstein, Harry Beller, Warren Spector, James Cayne, Ralph Cioffi, Matthew Tannin, Colin Gordon, and Franklin Collins.

3. Identify each person relevant to the subject matter of the Amended Statement of Claim.

Response:

Jeffrey Epstein, Harry Beller, Warren Spector, James Cayne, Ralph Cioffi, Matthew Tannin, Colin Gordon, Franklin Collins, and all employees of the Funds.

4. Identify all brokerage or investment accounts in which Claimants held any ownership interest (whether direct, indirect, beneficial or otherwise) during the period January 1, 2001 to the present, by stating: (a) name of broker-dealer at which the account was maintained, (b) date account was opened, (c) account number, (d) name of account holder, and (e) name of any other person or entity that holds or held any ownership interest in the account.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information. FTC further objects because this request violation FINRA Rule 12507.

5. Identify each meeting or telephone conversation in which Claimants and one or more of the Respondents or Fund Managers participated.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information to the extent it seeks information unrelated to the Funds. FTC further objects because this request violation FINRA Rule 12507.

6. Identify each person involved in making investment decisions on behalf of Claimants at any time between January 1, 2001 and the present.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information to the extent it seeks information unrelated to the Funds. FTC further objects because this request violation FINRA Rule 12507. Subject to the forgoing objection, FTC's decisions regarding the investments in the Funds were made solely by Jeffrey Epstein.

7. Identify each person who provided investment advice to Claimants at any time between January 1, 2001 and the present.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information to the extent it seeks information unrelated to the Funds. FTC further objects because this request violation FINRA Rule 12507. Subject to the forgoing objection, FTC received investment advice regarding the Funds from Warren Spector.

8. Identify all financial advisors or financial analysts employed by Claimants from January 1, 2001 until the present.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information to the extent it seeks information unrelated to the Funds. FTC further objects because this request violation FINRA Rule 12507.

9. State the educational background, academic degrees and credentials, and professional licenses held by, and employment history of each person identified in response to Information Request Nos. 6, 7, and 8, as well as (a) Jeffrey Epstein, (b) Harry Beller, (c) Darren Indyke, and (d) Lesley Groff.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information. FTC further objects because this request violation FINRA Rule 12507.

10. Identify each member, officer, director and employee of Claimants from July 1, 2003 until the present, including their (a) titles, and (b) duties and responsibilities.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information. FTC further objects because this request violation FINRA Rule 12507.

11. Identify all entities and individuals for which or on whose behalf Claimants have invested or managed funds from July 1, 2003 until the present.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information and is calculated to harass FTC and its clients. FTC further objects because this request violation FINRA Rule 12507.

12. Identify each bank account in which Claimants held any ownership interest (whether direct, indirect, beneficial or otherwise) during the period January 1, 2001 to the present, by: (a) identifying the bank or other financial institution at which such account is or was maintained; (b) stating the account number for such account; and (c) identifying all persons who

held any ownership interest (whether direct, indirect, beneficial or otherwise) in such account during the period January 1, 2001 to the present.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information. FTC further objects because this request violation FINRA Rule 12507.

13. For each of the following individuals, state the title of each periodical, including magazines and newspapers to which each individual subscribed on or after the date of Claimants' purchase of any limited partnership interest or other ownership interest in the Funds: (a) Jeffrey Epstein, (b) Harry Beller, (c) Darren Indyke, and (d) Lesley Groff.

Response: FTC objects because this request seeks information that is not calculated to lead to the discovery of relevant information. FTC further objects because this request violation FINRA Rule 12507.

Dated: New York, New York
May __, 2010

Respectfully submitted,

SUSMAN GODFREY L.L.P.

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Attorneys for Claimants
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PROOF OF SERVICE

This is to certify that a true and correct copy of the foregoing instrument has been served by email and first class mail, this __th day of May, 2010, on:

Gabrielle Gould
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