

From: Bruce Jaeger <[REDACTED]>

To: Jeffrey Epstein <jeevacation@gmail.com>

Subject: Catching Up Today

Date: Thu, 25 Jun 2009 23:00:13 +0000

Attachments: Proposed_deriv_regs.pdf

Jeffrey-

Nice talking with you today and I look forward to seeing you soon. As always, your knowledge of esoteric binary options amazes me and in fact, I was impressed that I could say that there are binary VIX options that do trade on the CBOE. Further to your question about the proposed derivative legislation, I have attached a recent one page research piece published by Jacqueline Bell that discusses the various proposals. BTW, how the heck did you know about the new IRS rulings 2009-13 and 2009-14 which addresses the sale and purchase of insurance contracts and when profits are treated as capital gains and ordinary income in the Life Settlement Space?!(Impressive again!)

In terms of me, I am 3-4 weeks away from opening my own broker dealer and just passed the regulatory exams to open my Registered Investment Advisory firm. I now have all the requisite exams and hope to put them to good use shortly. Volatility as you noted has come in with VIX trading at 26. The vol. arb managed account is down approximately 10% YTD with an aberrant flat term structure to implied volatility. With inventories building up, commercial real estate still reeling and unemployment trending higher, I think we are range bound for a while with a trend to the mid 20's. The difference between implied and realized remains wide on an historical basis.

Let me know of your upcoming plans and if you need anything in NYC, don't hesitate to ask. I have a tremendous amount of respect for you and the way you handled yourself throughout this ordeal.

Best Regards-

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