

**From:** [REDACTED]

**To:** Jeffrey Epstein <jeevacation@gmail.com>

**Subject:** Fwd: Introduced by David Fromer Years Ago - M.Fowler

**Date:** Wed, 26 Jun 2013 14:35:14 +0000

**Attachments:** AtorusIntro.pdf

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----- Forwarded message -----

**From:** Mike Fowler [REDACTED]

**Date:** Tue, Jun 25, 2013 at 6:50 AM

**Subject:** Introduced by David Fromer Years Ago - M.Fowler

**To:** "[Jeffrey@jeffreypstein.org](mailto:Jeffrey@jeffreypstein.org)" <[Jeffrey@jeffreypstein.org](mailto:Jeffrey@jeffreypstein.org)>

We met through David Fromer nearly 7 years ago, when I was the 18-year old "kid" pitching you on a buyout of Hess. Since then I've been focusing on developing a mathematical trading strategy. For the past two years I've been a Senior Portfolio Manager of a hedge fund where I've been responsible for running \$50MM within the context of a broader vehicle, utilizing my approach. I've been profitable (on a trade by trade basis) 39% of the time, but with a profit factor (avg. realized gain vs. avg. realized loss) of 2.75x1. I've recently left to start my own fund and have received a \$45MM commitment from a family office to start.

My reason for reaching out, beyond getting a dialogue going on the fund, is I think you might find some of the research I've done on volatility applicable to some of your areas of research. Without going to extreme detail for the moment, one of the key insights I've had is that the magnitude of the change at the next moment is conditional on the previous but can only scale by a fixed amount (e.g. If realized volatility is 3% I would say a 10% move is a likely outcome (3.5X previous), if realized volatility is 0.50% the max movement would only be 1.75%). The potential movement at the next moment is totally independent of the probability distribution of past rates of change. This scale appears constant across all asset classes and I've applied it to other systems like temperature data as well. As a result when realized volatility changes the potential for absolute movement changes exponentially by this scale factor, which explains why volatility appears to go hyperbolic in absolute terms (yet the scale is constant). In any event, while this is a stochastic macroscopic observation, I thought it may be interesting to see if this shows up in some of the work you have been doing in describing other dynamic systems from a microscopic perspective (Evolutionary Game Dynamics, etc) to yield macroscopic states.

Hopefully, the above wasn't too discombobulated. I've attached my 2-pager, which doesn't go into the nuances of the above (as I've found most people get nervous when someone says there's similar properties in dynamic systems as diverse as weather and the market) but gives an overview of how I generate alpha utilizing the above along with other factors.

Look forward to chatting when and if you have a moment.

Best Regards,

Michael J. Fowler

[REDACTED] Intl. Mobile

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