

Additions to Epstein/Zwirn Chron

Summer 05	\$3.6m of firm assets used to pay for the plane and repaid in 45 days	10/30 Q&A for Investors
Late spring 06	DZ discovers the premature payment of management fees. Brought to his attention by Company Controller (?). [it apparently went on for 28 months, so it started at beginning of 04]. At same time discovered the use of fund assets on one occasion 9 months earlier (i.e., summer of 05) to pay non-fund expenses (the plane)	10/30 Q&A for Investors
10/11/06	First call to investors simply says that PG is no longer with the Firm; if pressed for reasons, disclose that his conduct had no effect on investments or portfolio	Talking Points
10/30/06	Talking Points for Second Investor calls: <ul style="list-style-type: none"> • Two other issues have come to DZ' attention since PG left • The two that came to attention before PG left are apparently: (1) premature payment of management fees (deprived investors of \$5.4m in interest); (2) in '05 \$3.6m of the fund's assets was used for 45 days to pay for non-fund expenses [this had to be the plane]. • Two additional issues detected since PG 	Talking Points—

	<p>departed: (3) reporting error of \$3m in expenses was misapplied in March 06 and reversed in April and May 06; (4) interfund transfers averaging \$108m, were made thirteen times over thirteen months from the Offshore to the Onshore Fund. The amts ranged from \$4m to \$125m. Discovered this when someone (who?) came forward and brought to attention of our compliance officer (who?) Since amts were outstanding for 15 months, this had to have started in June 05.</p> <ul style="list-style-type: none"> • There have been no redemption requests. (Lie!) • The employees whom we know to be directly responsible are gone (who?) 	

