

OFFICIAL TRANSCRIPT OF PROCEEDINGS

BEFORE THE

Securities and Exchange Commission

FILE No. NY 5395

In the Matter of:

St. Joe's Minerals Corporation

Witness Jeffrey Epstein

Place 26 Federal Plaza, NY

Date April 1, 1981

Pages 1-55

INTERSTATE COURT REPORTERS, INC.

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C E R T I F I C A T E

I hereby certify that this is the transcript
of the hearing held before the Securities and Exchange
Commission on 4/1/81
in the Matter of: St. Joe's Minerals NY 5395
and that this is a full and correct transcript of the
proceedings.

INTERSTATE COURT REPORTERS, INC.

(b)(6);(b)(7)(C)

BEFORE THE SECURITIES AND EXCHANGE COMMISSION

Transactions and Tender Offers :

for the Securities of NY 5395 :

ST. JOE'S MINERALS CORPORATION :

Securities and Exchange Commission
 26 Federal Plaza
 New York, New York

April 1, 1981

The above-entitled matter came on for hearing, pursuant to
 notice, at 4:22 p.m.

A P P E A R A N C E S :

On behalf of the SEC:

[Redacted], Esq.
 [Redacted], Esq.

On behalf of the witness, Jeffrey Epstein:

Mark E. Lehman, Esq.
 Bear Stearns & Co.
 55 Water Street
 New York, New York 10041

C O N T E N T S

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WITNESS

EXAMINATION

Jeffrey E. Epstein

3

EXHIBITS

FOR IDENTIFICATION

IN EVIDENCE

Division No. 1

5

Division No. 2

10

Division No. 3

11

P R O C E E D I N G S

3

1
2 [b)(6);(b)(7)(C)]: On the record at 4:22 p.m.

3 We are located in the Conference Room at the
4 offices of the United States Securities and Exchange Com-
5 mission, New York Regional Office.

6 Sir, my name is [b)(6);(b)(7)(C)]. I am a member
7 of the staff of the United States Securities and Exchange
8 Commission and in connection with a matter of interest to
9 the Commission, a formal order directing private investigation
10 has been authorized by the Commission and I have been dele-
11 gated with certain authorities by the Commission, as have
12 certain other individuals on the staff. In connection with
13 those authorities, I have the power to swear you in as a
14 witness. I would like you to rise and please raise your
15 right hand.

16 Whereupon,

17 JEFFREY EPSTEIN

18 having been first duly sworn, was examined and testified as
19 follows:

20 [b)(6) As is customary in proceedings of
21 this type, I would like to advise you that the Securities
22 and Exchange Commission is involved in investigation into
23 certain transactions in securities relating to the St. Joe's
24 Minerals Corporation. As you may also be aware, there has
25 been a recent tender offer and there's been a good deal of

1 litigation in connection with that.

2 MR. LEHMAN: There are two recent tender offers.

3 (b)(6);(b)(7)(C): Well, okay, specifically I'm re-
4 ferring to the Seagram's tender offer. There's been a good
5 deal of litigation and as you've probably all read, the
6 Commission is investigating this matter.

7 MR. LEHMAN: Please answer the question, if he
8 asks it by responding yes or no.

9 (b)(6);(b)(7)(C): Yes; you have to answer yes or no
10 for the record.

11 I would like to ask you a number of questions in
12 connection with our investigation, but before I ask you any
13 questions or you give any answers, I must advise you of
14 certain of your rights under the law.

15 THE WITNESS: Okay.

16 (b)(6);(b)(7)(C): The record should reflect that
17 prior to going on the record today I made available to coun-
18 sel and Mr. Epstein a copy of the order directing private
19 investigation.

20 Have you had an opportunity to look at this
21 document?

22 THE WITNESS: I'd just like to see it again for a
23 second, please.

24 (Perusing document.)

25 Thank you.

1 MR. LEHMAN: Yes, we have.

2 (b)(6);(b)(7)(C): I will leave it on the table during
3 our discussions today and it will be available to you if you
4 wish to review it at any time.

5 THE WITNESS: Thank you.

6 (b)(6);(b)(7)(C): Also, prior to going on the record,
7 I tendered to the witness and counsel a multi-paged document
8 entitled Exhibit To Be Used In Formal Investigations. Mr.
9 Epstein, have you received that document?

10 THE WITNESS: Yes, I have.

11 (b)(6);(b)(7)(C): Have you had an opportunity to re-
12 view that document with your counsel?

13 THE WITNESS: Yes, sir.

14 (b)(6);(b)(7)(C): May I have your copy back, please.

15 All right, I've marked a copy, identical copy,
16 Division Exhibit 1 Epstein; if you would like to take a look
17 at them and compare them to make sure they are one and the
18 same, you may do so.

19 THE WITNESS: Yes, fine; they're the same.

20 (b)(6);(b)(7)(C): I will ask the Reporter to mark
21 Division Exhibit 1: Epstein, and I will leave this copy with
22 you for your own purposes.

23 (Division Exhibit No. 1
24 was so marked for identifi-
25 cation.)

1 (b)(6);(b)(7)(C) : Mr. Epstein, I'd like to advise you
2 at this time that you have the right to be accompanied, ad-
3 vised and represented by counsel of your own choosing in
4 your appearance before the staff of the Commission.

5 Do you understand that?

6 THE WITNESS: Yes.

7 (b)(6);(b)(7)(C) : Do you have counsel with you today?

8 THE WITNESS: Yes, I do.

9 (b)(6);(b)(7)(C) : Would counsel please identify him-
10 self for the record?

11 MR. LEHMAN: Yes; my name is Mark E. Lehman,
12 L-e-h-m-a-n.

13 (b)(6);(b)(7)(C) : Mr. Lehman, your firm or employer?

14 MR. LEHMAN: I'm employed by Bear Stearns & Co.
15 as the Assistant Director of Law and Compliance.

16 (b)(6);(b)(7)(C) : And Bear Stearns' address and phone
17 number?

18 MR. LEHMAN: 55 Water Street, New York, New York,
19 10041. My phone number is 212-952-7607.

20 (b)(6);(b)(7)(C) : Mr. Epstein, you've been asked to
21 come down today on a voluntary basis. I should advise that
22 the staff does have subpoena power, but in the particular
23 instance today, you have appeared on a voluntary basis.

24 THE WITNESS: We will so stipulate.

25 (b)(6);(b)(7)(C) : Accordingly, you can discontinue

1 this examination at any time you feel fit to do so.

2 THE WITNESS: Fine, thank you.

3 [b)(6);(b)(7)(C)]: All right; now, you've also been
4 asked to appear on a personal basis, rather than on a
5 representative basis as an employee of any firm or organiza-
6 tion; do you understand that?

7 THE WITNESS: Yes.

8 [b)(6);(b)(7)(C)]: Counsel, in what capacity do you
9 appear today on Mr. Epstein's behalf?

10 MR. LEHMAN: I appear in both capacities; the
11 capacity as his individual attorney and also I've disclosed
12 to him, as he well knows, that I'm an attorney for Bear
13 Stearns & Co.

14 [b)(6);(b)(7)(C)]: Very well, counselor.

15 In the event that a conflict of interest arises
16 or a potential conflict of interest arises, I will leave it
17 to your sound exercise of discretion to make that known to
18 the witness and make the appropriate arrangements at that
19 time.

20 MR. LEHMAN: For the record I would note as we
21 had met with the Commission before and were questioned before
22 and in that this order pertains to an investigation into the
23 trading of a tender offer for St. Joe's Minerals and in that
24 Mr. Epstein is no longer employed by my firm, but his resig-
25 nation had absolutely nothing to do with St. Joe Minerals, I

1 have discussed this in detail with Mr. Epstein and he under-
2 stands and I will use my own judgment if there is any possible
3 conflict of interest.

4 (b)(6);(b)(7)(C): Very well.

5 All right, Mr. Epstein, I wish to advise you
6 that any evidence you give today may be used against you.
7 Under the Fifth Amendment to the United States Constitution
8 you are under no obligation or compulsion to incriminate
9 yourself or hold yourself out to fine, forfeiture or punish-
10 ment.

11 THE WITNESS: I understand.

12 (b)(6);(b)(7)(C): You should also know that under
13 Title 18, Section 1001 of the United States Code, whomever
14 may make false statements to members of the staff may be
15 subject to fine, punishment or imprisonment; do you understand
16 that?

17 THE WITNESS: Yes, I do.

18 (b)(6);(b)(7)(C): You should also know that anyone
19 making false statements to members of the staff under oath
20 may be subject to perjury charges; do you understand that?

21 THE WITNESS: Yes, I do.

22 (b)(6);(b)(7)(C): If at any time during the course of
23 the examination today you wish to consult with counsel out-
24 side the hearing or presence of the staff members or the
25 Reporter, please indicate that to me and we will make suitable

1 arrangements; understand?

2 THE WITNESS: Yes, I do.

3 (b)(6);(b)(7)(C): You should also know that the
4 Reporter will not terminate or stop the record at your re-
5 quest or your counsel's request. The Reporter will only stop
6 it at my request or another member of the staff's; do you
7 understand?

8 THE WITNESS: Yes, I do.

9 (b)(6);(b)(7)(C): Accordingly, if you wish to stop the
10 record for any purpose, please indicate to me or one of the
11 other staff members and we will make the suitable and
12 appropriate arrangements.

13 THE WITNESS: Yes, thank you.

14 (b)(6);(b)(7)(C): Mr. Epstein, when I spoke with you
15 the other day I asked if when you came down today you would
16 provide us, if you have any, with any documents in your
17 possession, relating to your resignation or termination at
18 Bear Stearns. Do you have any documents with you today?

19 THE WITNESS: I have a copy of my resignation
20 letter.

21 (b)(6);(b)(7)(C): Let the record reflect that Mr.
22 Epstein just handed me a two-page document on the letterhead
23 Jeffrey E. Epstein, Bear Stearns & Co., dated March 25, 1981;
24 it's addressed to the Executive Committee.

25 I ask the Reporter to mark this in as Agency

1 Exhibit 2.

2 (Division Exhibit No. 2
3 was so marked for identi-
4 fication.)

5 MR. LEHMAN: In addition I have a statement
6 that was issued by the Executive Committee that was issued
7 to the firm -- and also a cover memo dated March 12, 1981,
8 from Mr. Epstein to the Executive Committee.

9 (b)(6);(b)(7)(C): Thank you.

10 Let the record reflect that I've been handed by
11 Mr. Epstein three pages, stapled together; the top-most page,
12 on the letterhead Jeffrey E. Epstein, Bear Stearns & Co.,
13 dated March 12, 1981, to the Executive Committee and the
14 signature block appears to be the signature of Jeffrey E.
15 Epstein; is that correct?

16 THE WITNESS: That's correct.

17 (b)(6);(b)(7)(C): That's your signature?

18 THE WITNESS: That's correct.

19 (b)(6);(b)(7)(C): The second page is entitled "Memo,"
20 it's on the letterhead of Bear Stearns, dated March 12, 1981,
21 addressed to "All Partners, All Branch Managers, Account
22 Executives, from The Executive Committee," and this memo
23 appears to relate to Mr. Epstein.

24 The third sheet is entitled Uniform Termination
25 Notice for Securities Industry, Representative and/or Agent.

1 Number 1, the top-most line, individual's name,
2 Epstein, Jeffrey, middle initial E.

3 MR. LEHMAN: I call your attention, (b)(6);(b)(7)(C),
4 to the reverse side of the last document, there's writing
5 there also.

6 (b)(6);(b)(7)(C): Okay; very well.

7 The last-most document, the one captioned at
8 the top Uniform Termination Notice, there is three typed
9 paragraphs on the back of that document.

10 I would ask the Reporter to mark these, please.

11 (Division Exhibit Number
12 3 was so marked for identifi-
13 cation.)

14 EXAMINATION

15 BY (b)(6);(b)(7)(C):

16 Q Mr. Epstein, have you ever gone by any other
17 name, other than Jeffrey E. Epstein, or are you known by any
18 other name?

19 A No.

20 Q What does the E. stand for?

21 A Edward.

22 Q May I have your date and place of birth?

23 A January 20, 1953, Brooklyn, New York.

24 Q May I have your present home address and telephone
25 number or numbers?

1 A 3814 Seagate Avenue, Brooklyn, New York 11224;
2 telephone number is 212-373-2262.

3 Q Do you maintain any other addresses or residences?

4 A I maintain a residence at 265 East 66th Street;
5 phone number is 772-9416.

6 Q That's New York City?

7 A New York, New York.

8 [REDACTED] The record should reflect that
9 [REDACTED], has now
10 entered the room and joined us at the table.

11 [REDACTED], this is Mr. Lehman, Mr. Epstein.

12 Q Mr. Epstein, do you maintain a telephone credit
13 card?

14 A No.

15 Q Are you presently employed?

16 A No.

17 MR. LEHMAN: Please, Mr. Epstein, you don't have
18 to look at me; you can answer [REDACTED] question.

19 A No.

20 Q When was your most recent date of employment?

21 A I left Bear Stearns on March 12th.

22 Q Of this year, 1981?

23 A Yes, sir.

24 Q And at that time, what was your capacity at
25 Bear Stearns?

1 A I was a limited partner at Bear Stearns.

2 Q What were your functions as a limited partner?

3 A I was a representative -- account executive design-
4 nated to help out with commodities and financial futures
5 recommendations to the sales force.

6 Q How long were you with Bear Stearns?

7 A Five years.

8 Q And where were you previous to that?

9 A Dalton Schools.

10 Q As part of your education?

11 A No, I was just teaching.

12 Q How long were you there?

13 A Two years.

14 Q Have you held any other positions in the securities
15 industry other than --

16 A No, I have not.

17 Q May I have a brief resume of your educational
18 background?

19 A Sure.

20 I went to Lafayette High School in Brooklyn,
21 which I graduated from; then I went to Cooper Union, which I
22 did not graduate from and I spent some time at the New York
23 University Graduate School, which I did not graduate from.

24 Q Did you ever serve in the military?

25 A No.

1 Q Other than your position as a limited partner
2 of Bear Stearns, do you presently, or have you in the past
3 year, held a position in any managerial capacity in any other
4 firm?

5 A No.

6 Q Are you a five per cent stockholder in any
7 corporation?

8 A No.

9 Q Are you an officer or director of any corporation?

10 A No.

11 Q Have you been in the past year?

12 A No.

13 Q Are you a member of any other limited partnerships?

14 A No.

15 Q Have you been so in the past year?

16 A No.

17 Q Do you maintain any brokerage accounts, securities
18 brokerage accounts?

19 A Yes, I do.

20 Q Where are those brokerage accounts?

21 A Bear Stearns.

22 Q Do you have any accounts other than at Bear
23 Stearns?

24 A No.

25 Q Have you had any accounts at any firm other than

1 at Bear Stearns?

2 A No.

3 Q Would you know your account number off hand?

4 A Yes; (b)(6);(b)(7)(C)

5 Q Are you married?

6 A No.

7 Q Have you been?

8 A No.

9 Q You have no children?

10 A No.

11 Q Do you maintain any bank accounts?

12 A Yes.

13 Q Where do you maintain those bank accounts,
14 checking and savings.

15 A Chemical Bank, 55 Water Street, that's my checking
16 account; and Immigrant Savings Bank, it's right across the
17 street, it's Water Street as well; that's my savings account.

18 Q Do you maintain a safe deposit box?

19 A No.

20 Q Have you in the past year?

21 A No.

22 Q Have you maintained any other bank account in
23 the past year?

24 A Citibank. A checking account and savings account,
25 but no money in the checking account and \$500 in the savings

1 account.

2 Q Are those accounts still active?

3 A No.

4 Q In connection with your employment at Bear Stearns,
5 do you maintain a personal calendar, desk diary, appointment
6 book or telephone log?

7 A I do maintain somewhat of a diary, but no tele-
8 phone log.

9 Q Do you have the diary with you today?

10 A No.

11 Q Do you have it in your possession in some other
12 place?

13 A Yes.

14 Q I would ask you to provide that to the staff?

15 A A copy of it or --

16 Q The original.

17 MR. LEHMAN: For what time period?

18 (b)(6);(b)(7)(C): The past six months.

19 MR. LEHMAN: Any particular subject matter in
20 the diary? May he excise personal matter from that?

21 (b)(6);(b)(7)(C): Well, perhaps, what we can do, if
22 you want to sit down with me, we can go over it and if there
23 are matters that should be excised we can do that at that point.
24 I'm sure we can work in a joint action.

25 Q Sir, have you ever been convicted of a crime or

1 indicted for a crime?

2 A I've been convicted of a crime in Great Britain
3 at one point. I don't believe it's -- no federal juris-
4 diction.

5 Q Do you know offhand whether it was a felony or
6 misdemeanor?

7 A No. I don't.

8 (b)(6);(b)(7)(C): What did it concern? What was
9 the allegation and what was the conviction?

10 THE WITNESS: The allegation was I bought an
11 antique sword stick and they said that that could not be
12 carried in the country, it had to be shipped out.

13 Q Do you belong to any business societies, fra-
14 ternities or social clubs?

15 A The Atrium Club, in New York; and a pool club,
16 but no.

17 Q You don't belong to any professional organiza-
18 tions?

19 A No.

20 Q When did you resign from Bear Stearns?

21 A March 12th.

22 Q And what was the reason for your resignation?

23 A Totally unrelated to St. Joe.

24 Q May I have an answer to my question. What was
25 the basis of your resignation?

1 A It was a disagreement with the way a situation
2 was handled regarding potential violation of Red D (phonetic)

3 Q Well, could you elaborate upon the situation you
4 have just spoken of?

5 MR. LEHMAN: [b)(6);(b)(7)(C)], I believe, I will allow
6 the witness to go a little bit into this area, however, it
7 apparently has nothing to do whatsoever with the subject of
8 the formal order of investigation and I really hope that we
9 don't dwell on this matter. To the extent that he can very
10 briefly touch upon it, I will allow him to go ahead.

11 [b)(6);(b)(7)(C)]: Okay.

12 A There's a conflict that arose that I made people
13 aware of personally when I found out a situation, in dis-
14 cussion unrelated to one topic, it was brought to my atten-
15 tion, to anyone, to buy stock -- It was my understanding that
16 as a broker I could not participate in any profits or losses,
17 but I was not aware of the fact that you could not just
18 strictly lend money to a friend. I, in fact, made two mem-
19 bers of the Executive Committee aware of that fact and the
20 full details involved in it. The way it was handled subse-
21 quently, was offensive to me and I decided to resign.

22 Q When did you have your first conversation with
23 the Executive Committee?

24 A Approximately March 3rd.

25 [b)(6);(b)(7)(C)]: Do you know if the Executive

1 Committee was aware of this incident prior to March 3rd?

2 THE WITNESS: Absolutely not.

3 (b)(6);(b)(7)(C) : Do you know if any members of
4 the Executive Committee were aware of the incident?

5 THE WITNESS: No.

6 Q Do you know how it first came to the attention of
7 the Executive Committee?

8 A When -- it was in a discussion regarding the
9 distribution of new issues, they'd asked me a question, "Have
10 I lent money to someone to buy stock?" And I said, "Absolutely
11 not," but, in fact, was that a question. Then I learned
12 that a broker could not, in fact, lend money and I, in one
13 instance, did lend money to a friend.

14 BY (b)(6);(b)(7)(C) :

15 Q And you say it was in connection with what? This
16 came up in connection with an offering?

17 A No, no. It was in connection with a discussion
18 regarding, someone, a client of mine's account and the way
19 they had received new issue distributions.

20 Q And do you remember what the new issue distribu-
21 tion was?

22 A It was a series of new issue distribution. It
23 wasn't a new issue distribution.

24 MR. LEHMAN: (b)(6);(b)(7)(C) , are you asking for
25 the name of the security?

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(b)(6);(b)(7)(C)

: Yes; the transaction that prompted the --

MR. LEHMAN: Why don't you just tell him the securities.

A It was a series of new issue distributions. It wasn't a one transaction. They wanted to know, in fact, they were asking questions about why had a client received a series of new issues, not one particular one.

Q And in that connection they asked you if you had loaned any money to any customers?

A That's correct.

Q Now, who was it that asked you this?

A It was (b)(6);(b)(7)(C) -- as in my letter of resignation, (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C), two members of the Executive Committee.

Q And did anyone else participate in the conversation?

A No.

Q And what happened? Did they -- maybe you can just give me a little more of a narrative on this. They asked you if -- in connection with this one particular matter -- if you had loaned any money to customers and you said no.

A They were talking about -- that's right -- if I had lent money to that particular customer.

1 Q And you asked them why, is that a problem, in
2 words or substance, is that correct?

3 A That's correct.

4 Q And then they explained that it was a problem to
5 you; is that correct?

6 A Correct.

7 Q And then when did you tell them --

8 A Immediately; I said, "Well, approximately six
9 or seven months ago I did lend money in one instance to my
10 closest friend, and the record would show that, in fact, that
11 was the case.

12 Q The record would show that you had loaned him
13 money?

14 A That's right.

15 Q How would that show?

16 A Because it was right on his account statement
17 that my check was deposited in his account. There was no
18 attempt to conceal anything.

19 Q I understand that, but did it say on the state-
20 ment that the check was deposited as a loan?

21 A No.

22 Q What did these two individuals say, that is b)(6);(b)(7)(C)

23 b)(6);(b)(7)(C) and b)(6);(b)(7)(C)?

24 A Just b)(6);(b)(7)(C).

25 MR. LEHMAN: b)(6);(b)(7)(C)

1 (b)(6);(b)(7)(C) : It ends with an "S" though,
2 doesn't it?

3 MR. LEHMAN: No.

4 (b)(6);(b)(7)(C) : It does not?

5 MR. LEHMAN: No.

6 A (Continuing) They had said that that was a possible
7 violation of Red D and they would look into it.

8 Q Did they at that point suggest that there would
9 be any action taken?

10 A They said that the "issue could be series" and
11 they would look into it and see what should be done.

12 Q Did they ask you how much money you had loaned
13 to your customer?

14 A Yes, sir.

15 Q And what was your answer?

16 A It was \$15,000.

17 Q And did they ask you if the loan had been paid
18 off?

19 A Yes. It was -- yes.

20 Q And was, in fact, the loan paid off?

21 A Yes.

22 MR. LEHMAN: (b)(6);(b)(7)(C), I think we are beyond
23 the scope of the formal order at this point. Can I ask that
24 the questions be directed to the questions concerning St.
25 Joe Minerals.

1 [b)(6);(b)(7)(C)]: We will reserve our right to come
2 back to this area if it's appropriate.

3 MR. LEHMAN: Of course.

4 BY [b)(6);(b)(7)(C)]:

5 Q When was your next meeting, if any meeting, after
6 that first one?

7 A It was the subsequent two days.

8 Q You're talking about March 5th now?

9 A March 4th, I believe; March 3rd was the first
10 meeting and the 4th and the 5th.

11 Q Did anyone additional to [b)(6);(b)(7)(C)] and
12 [b)(6);(b)(7)(C)] participate in the subsequent meetings?

13 A No.

14 Q Was anyone else present other than those two
15 individuals and yourself?

16 A No.

17 Q Were any matters other than the matters discussed
18 at the first meeting discussed at these latter meetings?

19 A No.

20 Q Did you have any meetings with these gentlemen
21 subsequent to those two meetings?

22 A No -- not regarding anything to do with this.

23 [b)(6);(b)(7)(C)]: This being?

24 THE WITNESS: This being the issue of the loan to
25

1 the customer. That's described in my resignation.

2 BY [b)(6);(b)(7)(C)] :

3 Q Did you have occasion to meet with any members
4 of the Executive Committee the week of March 9?

5 A Which is the following week -- yes.

6 Q When was the first meeting?

7 A I believe it was Tuesday, again, I'm not sure of
8 my dates. It was a Tuesday that I met with [b)(6);(b)(7)(C)]
9 and [b)(6);(b)(7)(C)] again.

10 Q Anyone else present?

11 A No.

12 Q What was the nature of the discussion at that
13 time?

14 A The fact that they thought a \$2,500 fine was in
15 order for the violation, but since I had made a voluntary
16 disclosure and it was a single instance.

17 Q Did they indicate to you whether this matter had
18 been discussed with anyone else on the Executive Committee?

19 A No, but in fact they had indicated that there
20 was Executive Committee meetings going on regarding the
21 subject.

22 Q When did that come to your attention?

23 A Probably on the first day, was it the 3rd? That
24 this is an area that these two people had been assigned to.

25 Q By the Executive Committee to explore?

1 A Right.

2 Q Did they indicate to you who on the Executive
3 Committee had asked them to look into this matter?

4 A No.

5 Q Did you ever come to learn who had asked them to
6 look into the matter?

7 A The Executive Committee; I don't know.

8 Q Both of these individuals are members of that
9 committee?

10 A That's correct.

11 MR. LEHMAN: Just to clarify, I'm not sure that
12 either (b)(6);(b)(7)(C) or (b)(6);(b)(7)(C) are, in fact, members
13 of the Executive Committee. (b)(6);(b)(7)(C)
14 (b)(6);(b)(7)(C), but whether -- the Executive Committee
15 has seven members. (b)(6);(b)(7)(C) may, in fact, be a member --

16 THE WITNESS: And maybe (b)(6);(b)(7)(C) as of May 1st,
17 but he's --

18 (b)(6): There's a question in my mind as
19 to whether or not they are actually members.

20 Q During the course of any of your meetings with
21 (b)(6);(b)(7)(C), was St. Joe Minerals Corporation
22 discussed at any of these meetings?

23 A No.

24 Q Did you have occasion to speak with anyone else
25 on the Executive Committee or any members of the Executive

1 Committee regarding St. Joe Minerals?

2 A No.

3 Q Did it ever come to your attention that certain
4 individuals at the firm were trading in St. Joe Minerals
5 during the week of March 9th?

6 A After our discussion on an informal basis, yes.

7 Q Are you referring to the discussion that you and
8 counsel and I had last week I believe it was?

9 A That's correct.

10 Q I think it was on Friday or Thursday?

11 And that was the first that you were aware of it?

12 A I was aware that there was an investigation into
13 members of the firm, as far as I knew, who had participated
14 in St. Joe; that's all I knew.

15 Q How did that come to your attention?

16 A It was hearsay around the firm; it was no
17 specific individual.

18 BY b)(6);(b)(7)(C):

19 Q When did you become aware of that?

20 A It's hard to say; I'm not really sure.

21 Q Was it before or after you resigned?

22 A Oh, after.

23 Q And after you resigned did you continue to come
24 into the office?

25 A Yes.

1 Q For how long?

2 A Off and on continuously. I have to -- I'm
3 cleaning out my office.

4 BY (b)(6);(b)(7)(C) :

5 Q Do you still have access to that office now?

6 A That's correct.

7 Q When were you there most recently?

8 A Friday.

9 MR. LEHMAN: He was there today.

10 THE WITNESS: Oh, yeah, today; sorry.

11 Q Prior to today, when was the last time you were
12 there?

13 A Friday.

14 Q Of last week?

15 A Yes, sir.

16 Q Did you have occasion to meet with anyone while
17 you were in there on Friday?

18 A Many different brokers who came in to talk to me.

19 Q Did you have occasion to speak with any members
20 of the Executive Committee while you were in on Friday?

21 A No.

22 Q Have you had any discussions with any of the
23 Executive Committee since the date of your letter of resigna-
24 tion, which I believe is March 12, 1981?

25 A Yes, I have.

1 Q You have had conversations with them?

2 A Yes.

3 Q And with whom have you spoken?

4 A [b)(6);(b)(7)(C)]; [b)(6);(b)(7)(C)]; and a brief dis-
5 cussion, right after the resignation, with [b)(6);(b)(7)(C)].

6 Q When was your conversation with [b)(6);(b)(7)(C)] or
7 conversations?

8 A Continuously, I'd say; not Friday, but the 25th,
9 when I handed in my thing, I handed it to [b)(6);(b)(7)(C)].

10 Q Did you discuss this matter with [b)(6);(b)(7)(C)] at
11 that time?

12 A Which matter?

13 Q The matter -- you said you had handed in a
14 certain document, are you referring to this document, Division
15 Exhibit 2?

16 A Yes.

17 Q And what was the nature of the conversation you
18 had when Division Exhibit 2 was tendered to [b)(6);(b)(7)(C)]?

19 A Just that, "Here's my resignation," the full
20 letter that accompanied my resignation.

21 BY [b)(6);(b)(7)(C)]:

22 Q What prompted this letter?

23 A My wanting to make the facts known because I
24 wanted it clear to people why I had left the firm.

25 Q Take a look, when you just answered, you were

1 referring to a letter that was prepared by you; is that
2 correct?

3 A That's correct.

4 Q And it was sent to the Executive Committee?

5 A It was delivered to (b)(6);(b)(7)(C) by myself
6 on March 25th.

7 Q And would you take a look at what's been marked
8 as Exhibit 2?

9 A That's it; yes.

10 BY (b)(6);(b)(7)(C):

11 Q Prior to your submission of this letter, Division
12 Exhibit 2, had you submitted anything else to Bear Stearns
13 indicating that you were resigning or were about to resign?

14 A Yes; I handed in a letter on March 12th. It
15 was a simple statement that I would like to resign from the
16 firm as a limited partner.

17 Q I show you what's been pre-marked, what we've
18 marked into evidence as Division Exhibit 3 Epstein --

19 A It's the first page of Exhibit 3.

20 Q Would you read that into the record please?

21 A "With this letter and accompanying statement I
22 hereby resign as a limited partner of Bear Stearns & Co.,
23 effective immediately.

24 Q Now, sir, the letter that's been tendered to us,
25 dated March 12, and as you just read back for the record,

1 speaks of an accompanying statement?

2 A Right. I did not make that accompanying statement
3 available to the Executive Committee until I was sure that
4 I was comfortable with what I had written, and handed it to
5 them on the 25th.

6 BY :

7 Q You provided no other written documents to the
8 Executive Committee besides the one-page document that's
9 dated March 12th?

10 A On March 12th.

11 Q Which is the first page of Division's Exhibit 3;
12 is that correct?

13 A That's correct.

14 On March 12th, that's the only thing I handed him.

15 Q When was the next time that you provided anything
16 to anyone at Bear Stearns that you understood was either in-
17 tended by you to go to the Executive Committee or did, in
18 fact, go to the Executive Committee?

19 A On March 25th. I handed in that two-page docu-
20 ment.

21 BY :

22 Q Did you actually prepare this March 12, 1981
23 letter, the letter of resignation?

24 A Yes.

25 BY :

Q You gave this to , is that correct,

1 on March 12th?

2 A I handed the two-page thing to -- I'm trying to
3 remember who I gave it to on March 12th. Yes, I did.

4 Q That's your best recollection?

5 A Yes.

6 Q Did he ask you where the accompanying statement
7 was?

8 A Yes.

9 Q What did you say?

10 A I said I would have it to him as soon as possible,
11 as soon as it's finished.

12 BY (b)(6);(b)(7)(C):

13 Q The two-page document dated March 25, 1981,
14 Division Exhibit 2, the one that's addressed to the Executive
15 Committee, was this letter prepared in consultation with
16 anyone else?

17 A No.

18 Q Did anyone else -- was anyone else aware that you
19 were preparing this letter?

20 A Anyone else being --

21 Q At Bear Stearns.

22 MR. LEHMAN: You mean other than (b)(6);(b)(7)(C)?

23 (b)(6);(b)(7)(C): Well, did anyone at Bear Stearns
24 know that you were preparing this two-page document --

25 A As far as I know, I told the Executive Committee

1 when I handed in this document on March 12th, that I would
2 in fact have an accompanying resignation for the record --
3 accompanying letter for the record.

4 Q And that was [b)(6);(b)(7)(C)]; did you discuss that
5 with anyone else at Bear Stearns?

6 A No.

7 Q You said you've had some discussions with [b)(6);(b)(7)(C)]
8 [b)(6);(b)(7)(C)] since the time you submitted your resignation on March
9 12 of 1981; is that correct?

10 A That's correct.

11 Q When were these conversations held and where?

12 A Immediately after surrendering my resignation
13 on March 12th, I was just -- [b)(6);(b)(7)(C)] and
14 I made it clear that I, in fact, had handed in my resignation
15 and would be clearing out the office and trying to make a
16 transition as best as possible for the firm and myself.

17 Q This is [b)(6);(b)(7)(C)]?

18 A Yes.

19 Q Was [b)(6);(b)(7)(C)] aware that you had intended to re-
20 sign or did you consult him before you actually submitted
21 your letter of resignation?

22 A Did I consult with him before?

23 Q Yes.

24 A I believe he was aware of what was going on in
25 the Executive Committee and the way the matter here was being

1 Q What's the basis for your belief?

2 A He's a member of the Executive Committee and it's
3 my understanding that the Executive Committee was looking into
4 it.

5 Q Prior to submitting the letter of March 12th, did
6 you have any conversation with anyone at Bear Stearns re-
7 garding resigning from the firm?

8 A No.

9 Q Did [b)(6);(b)(7)(C)] ever have any occasion from March
10 9 to the present to discuss St. Joe Minerals?

11 A No.

12 Q Did you ever discuss St. Joe Minerals with [b)(6);(b)(7)(C)]
13 [b)(6);(b)(7)(C)] since March 9?

14 A No.

15 Q So you've had some conversations with [b)(6);(b)(7)(C)]
16 [b)(6);(b)(7)(C)]; when was the most recent?

17 A That was on March 12th, I believe.

18 Q What was the nature of that conversation?

19 A Just saying, explaining that I was, in fact,
20 very dissatisfied with the way this whole thing was handled
21 and that I was going to resign. And I had, in fact, just
22 handed the resignation to [b)(6);(b)(7)(C)].

23 Q You had no conversations with [b)(6);(b)(7)(C)]
24 about St. Joe Minerals?

25 A Absolutely not.

1 Q Sir, are you aware that certain rumors may have
2 been circulating around your firm in connection with your
3 reasons for leaving the firm?

4 A I'm aware that there were many rumors.

5 Q What were the rumors that you heard?

6 A Nothing to do with St. Joe.

7 Q Can you relate what you heard?

8 A It was having to do with an illicit affair with
9 a secretary.

10 BY (b)(6);(b)(7)(C) :

11 Q Have you heard any other rumors suggesting that
12 you had made a presentation or communication to the Executive
13 Committee concerning alleged improprieties by other members
14 or employees of Bear Stearns?

15 A I, in fact, have heard that rumor, but it's been
16 from (b)(6);(b)(7)(C) in our conversation last week.

17 Q Have you heard it from anyone else?

18 A No.

19 BY (b)(6);(b)(7)(C) :

20 Q Are you aware of this same rumor with respect to
21 any discussions with the Executive Committee about impro-
22 prieties by Bear Stearns' employees may have been circulating
23 about anyone else in the firm?

24 A No, I am not.

25 Q Do you know an individual named (b)(6);(b)(7)(C)?

1 A No.

2 Q If he's a rep at Bear Stearns?

3 A (b)(6);(b)(7)(C)? No, I don't.

4 MR. LEHMAN: I think there is or was a rep named

5 (b)(6);(b)(7)(C).

6 (b)(6);(b)(7)(C): Yes, (b)(6);(b)(7)(C), I believe it
7 was.

8 Q You don't know the individual?

9 A No.

10 Q Did it ever come to your attention while you were
11 still in the employ of Bear Stearns that certain reps at
12 the firm, during the week of March 9th, were buying options
13 of stock in St. Joe's Minerals Corporation?

14 A At that time, no.

15 Q Did you subsequently come to learn that?

16 A Yes.

17 Q Through what source?

18 A Through, I believe, you mentioned it when you
19 called me and you had asked me about (b)(6);(b)(7)(C).

20 Q Is that the first time you had heard such a
21 statement?

22 A That's correct.

23 Q It never came to your attention while you were
24 at the firm itself that ██████████ was trading in securities
25 of St. Joe?

1 A No.

2 BY (b)(6);(b)(7)(C):

3 Q Where did you have your desk?

4 A Excuse me?

5 Q Where did you have your desk, where did you sit
6 at Bear Stearns, before you left?

7 A In a windowed office on the north side of the
8 building.

9 Q In relation to (b)(6);(b)(7)(C)
10 offices?

11 A On the opposite side of the building.

12 Q On the opposite side?

13 A Yes; they faced south, I faced north.

14 Q And did (b)(6);(b)(7)(C) have any type of a supervisory
15 relationship to you?

16 A No; absolutely not.

17 Q Your immediate supervisor was [REDACTED]

18 A Yes, sir.

19 (Pause in the proceedings.)

20 BY (b)(6);(b)(7)(C):

21 Q Did you ever hear while you were at Bear Stearns
22 that (b)(6);(b)(7)(C) may have trader or inside information in
23 connection with St. Joe Minerals Corporation?

24 A No.

25 Q Did [REDACTED] ever have any conversation with you

1 about St. Joe Minerals?

2 A No.

3 Q Did you happen to overhear any conversations
4 between [REDACTED] and anyone else regarding St. Joe Minerals?

5 A No.

6 (Pause.)

7 Q Do you know someone named [REDACTED]?

8 A No.

9 Q Do you keep a weekend home or a summer home any-
10 place?

11 A No.

12 Q Did you ever occasion to be at 400 South Ocean
13 Boulevard in Palm Beach, Florida? Do you know anyone who
14 resides at that address?

15 A I, in fact, looked at an apartment there.

16 Q Sorry.

17 A I, in fact, looked at an apartment there about
18 two months ago.

19 BY [REDACTED]
20 Q Why did you look there?

21 A It was advertised in the Palm Beach paper.

22 Q Do you know anyone who lives in Palm Beach?

23 A I know many people who live in Palm Beach.

24 Q Who do you know that lives in Palm Beach?

25 A [REDACTED]

BY [REDACTED]

1 Q Can you give us the place of employment of these
2 individuals, if you know?

3 A New York Law Journal. Mostly girls and I can't
4 tell you where; sorry.

5 [b)(6);(b)(7)(C)]: Why don't you just give us the
6 names.

7 A [b)(6);(b)(7)(C)]; [b)(6);(b)(7)(C)]; and the other names,
8 just first names.

9 Q Do you have any relatives living in Florida?

10 A Somewhere.

11 Q Not in Palm Beach?

12 A No.

13 BY [b)(6);(b)(7)(C)]:

14 Q What are the names of your relatives that live
15 in Florida?

16 A I don't even know; it's relatives on my mother's
17 side that I don't even see, or speak to.

18 Q What is your mother's maiden name?

19 A [b)(6);(b)(7)(C)].

20 Q Do you know any of the names of any of your
21 relatives?

22 A I just don't recollect at the moment, but I'm
23 sure I do.

24 Q You said that there was an ad that you saw
25 approximately two months ago in the paper with respect to

1 the apartment in Palm Beach?

2 A Right.

3 Q Where did you see this ad?

4 A It was in the Palm Beach paper.

5 Q What were the circumstances as to why you were
6 looking in Palm Beach?

7 A Only because I enjoy Palm Beach.

8 Q Do you go there fairly regularly?

9 A Yes, sir.

10 Q How often would you say you go there in a month?

11 A Once a month.

12 Q Once a month.

13 In connection with any of your visits to Palm
14 Beach, did you discuss with anyone, on the topic of St. Joe,
15 stock issued by St. Joe or options in St. Joe's Minerals
16 stock?

17 A Absolutely not.

18 BY (b)(6);(b)(7)(C):

19 Q Do you know anyone at Bear Stearns who maintains
20 an account in a Swiss Bank, either a trading account or a
21 bank account?

22 A No.

23 Q It never came to your attention that any of the
24 partners or traders there may have maintained accounts in the
25 Swiss Banks?

1 A No.

2 BY (b)(6);(b)(7)(C) :

3 Q When you went to this apartment in Palm Beach,
4 did you go by yourself?

5 A I was with a real estate agent.

6 Q And what was the name of the real estate agent?

7 A I don't remember.

8 Q Did you look at an apartment?

9 A Yes.

10 Q Did you look at several apartments?

11 A No.

12 Q Only one?

13 A Yes.

14 Q Was it occupied?

15 A No, it was empty.

16 Q Was it a rental or was it a purchase situation?

17 A It was a purchase situation. It was an estate
18 sale. Someone had died, obviously, if it was an estate sale,
19 and the son couldn't get rid of it.

20 Q Did you meet the son?

21 A No.

22 Q Did you know the son?

23 A No.

24 Q Did you know anybody connected with the estate?

25 A No.

1 Q Was this piece of property in the paper or was
2 it just a general ad for the building?

3 A The building was not mentioned; it was an ad
4 saying "Sacrafice apartment."

5 Q Did you speak to anybody about this apartment
6 before you went to look at it, besides the real estate agent?

7 A No.

8 Q Were you familiar with the building?

9 A I had passed by a number of times.

10 Q Do you know anybody that lives in that building?

11 A No.

12 Q Do you know any other individuals at Bear Stearns
13 who also vacation at Palm Beach?

14 A Many people tell me they've been there, but I
15 don't know about vacations.

16 Q Do you know if (b)(6);(b)(7)(C) maintains an apartment
17 in Palm Beach?

18 A I don't believe so; I don't know.

19 Q Do you know if (b)(6);(b)(7)(C) does?

20 A I don't know.

21 BY (b)(6);(b)(7)(C);

22 Q Do you know if any Bear Stearns employees have
23 relatives that live in Palm Beach?

24 A I'm sure they do; but I don't know about it.

25 Q Do you know any?

1 A No.

2 Q Do you know any Bear Stearns employees who have
3 vacationed in Palm Beach during the past three weeks?

4 A No.

5 Q Do you know anybody at any firm other than Bear
6 Stearns who vacations or maintains a residence in Palm Beach,
7 who's worked for any other brokerage firm?

8 A Any other brokerage firm?

9 I know this (b)(6);(b)(7)(C) who has an apartment,
10 but I don't know if he works for a brokerage firm.

11 BY (b)(6);(b)(7)(C):

12 Q Who is (b)(6);(b)(7)(C)?

13 A He used to be [REDACTED] at Bear Stearns.

14 (b)(6);(b)(7)(C)

15 BY (b)(6);(b)(7)(C)

16 Q In connection with your employment at Bear
17 Stearns, do you have any clients who are Swiss bankers or
18 do you have any trading through Swiss Banks?

19 A No.

20 Q Do you know at Bear Stearns has clients who are
21 Swiss banks or deals with Swiss banks up there?

22 A No.

23 Q Do you know if the firm has any clients who are
24 Swiss banks?

25 A No.

(b)(6);(b)(7)(C): Can we go off the record a second.

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(Discussion off the record.)

(b)(6);(b)(7)(C): Mr. Epstein, there were no conversations of a substantive nature between us while we were off the record, were there?

THE WITNESS: No.

BY (b)(6);(b)(7)(C):

Q Do you know anyone named (b)(6);(b)(7)(C)? Is that name familiar to you at all?

A Not at all.

Q Who, if you know, is in possession of the original of Division Exhibit 2, the letter dated March 25, 1981?

A Again, I handed it to (b)(6);(b)(7)(C) on that day, so as far as I know, he was the one who had it.

BY (b)(6);(b)(7)(C):

Q Have you ever made any other presentation or communication to the Bear Stearns Executive Committee beside what is reflected by Exhibit 3 and Exhibit 2?

MR. LEHMAN: In connection with circumstances on anything at all?

(b)(6);(b)(7)(C): On anything.

A The full Executive Committee? Maybe two years ago I made a presentation.

Q Did you do it in person or by letter?

A In person.

Q Since the 1st of March have you made any type of

1 communication to the Executive Committee that is not reflected
2 by Exhibit 3 or Exhibit 2?

3 A When you say -- I've not given them anything
4 written.

5 Q Have you communicated orally, by smoke signal?

6 A Nothing to do with St. Joe.

7 Q I didn't ask if it was restricted to ST. Joe.

8 I'm asking if you've had any communications with the Executive
9 Committee other than Exhibit 2 and Exhibit 3?

10 A I have spoken, again, as I've stated, to (b)(6);(b)(7)(C)
11 (b)(6);(b)(7)(C), afterwards; after I handed in the resignation,
12 regarding the resignation circumstances.

13 Q Did (b)(6);(b)(7)(C) come up in this conversation?

14 A Only my feelings for (b)(6);(b)(7)(C) being as he's
15 someone who had helped me along.

16 Q Would help you in what way?

17 A You know, that he had helped me.

18 Q That he had helped you?

19 A Yes. And I felt that -- remorse at leaving the
20 firm.

21 Q How had (b)(6);(b)(7)(C) helped you?

22 A He had explained many things to me in the firm.
23 He'd been a friend (b)(6);(b)(7)(C)

24 Q (b)(6);(b)(7)(C)

25 A (b)(6);(b)(7)(C)

1 Q Was there any discussion in connection with the
2 circumstances of your leaving concerning expense accounts
3 and claims for reimbursement of expenses by you against Bear
4 Stearns?

5 A There was a discussion on March -- that second
6 discussion, March 9th, regarding -- they had asked me what
7 the situation was with some expenses I had put in and it was
8 my recollection that none of the expenses went back to 1978
9 and then they came back and said, "Yes, in fact, someone who
10 is the financial officer, had said the expenses did go back
11 to 1978," that's all.

12 Q How much was involved in expenses back into 1978?

13 A In 1978?

14 Q Yes.

15 A I don't really know; I have never seen the ex-
16 penses that they --

17 Q Who was it that you spoke to about this?

18 A (b)(6);(b)(7)(C)

19 Q Was there any allegation or suggestion there that
20 you may have been putting in claims for reimbursement that
21 you were not entitled to?

22 A There was discussion whether, in fact, I had ever
23 put in an airline ticket for someone else and not myself and
24 I said that it was possible that, in fact, since my secretary
25 handles my expenses, I was sure that if someone else's airline

1 ticket was in there, it wasn't asked for reimbursement for
2 two people, it was in fact the wrong ticket. But I never
3 saw the expenses; it wasn't shown.

4 Q Do you know how much was in dispute?

5 A Well, if it was an airline ticket it couldn't
6 have been much money, but I don't really know.

7 I don't think it was any money in dispute. They
8 had asked me whether or not I had put in for someone else.
9 I said, "Not to my recollection," and they came back and said
10 someone remembers seeing a different airline ticket and that's
11 the extent of it.

12 Q This was -- someone had remembered seeing a
13 different airline ticket, did they tell you how long ago?

14 A No.

15 Q Do you know why that subject was brought up at
16 that time?

17 A There was a fact about -- again, going over what
18 had gone on, "I think this fine regarding the violation fee
19 is ridiculous; I think it's excessive." And there was a fact
20 about carelessness, "You've been careless in the past," that's
21 how it was brought up.

22 Q Do you have an understanding that anyone, other
23 than the people that we've mentioned in this testimony, have
24 traded in St. Joe's stock or options?

25 A NO.

1 BY (b)(6);(b)(7)(C):

2 Q Upon your termination or resignation at Bear
3 Stearns were you promised or did you come to expect any sort
4 of compensation package?

5 A I, in fact, I get paid on a yearly basis. I get
6 a salary plus a bonus. I was paid normally in May and, in
7 fact, he said that I would get paid for my work until March 12.

8 Q How about the bonus?

9 A That's when I draw the money.

10 Q So you anticipate receiving that bonus in May
11 sometime?

12 A Yes.

13 Q How substantial is that bonus?

14 A I don't know what you mean by substantial. It's
15 a lot of money.

16 Q How much money is involved?

17 A It's a subjective bonus, so it's very questionable.
18 It could be anywhere between 50 and 150,000.

19 Q What are your expectations?

20 A It's unclear. My guess is about 100.

21 BY (b)(6);(b)(7)(C):

22 Q What is the bonus based on?

23 A The system with the firm works -- it's based on
24 many different factors; commissions generated -- I don't have
25 -- salaried employees are given a very low salary and then

1 compensated at the end of the year broadly based on how the
2 firm does as a total entity and your participation towards
3 those profits.

4 Q You are a salaried employee or you were a salaried
5 employee; is that right?

6 A I was a salaried employee and I received com-
7 missions and a bonus.

8 Q What was your salary?

9 A 42,000.

10 Q You understood that in connection with your resig-
11 nation you would receive your salary through March 12th; is
12 that correct?

13 A Yes, sir.

14 Q Did you have an understanding that you would re-
15 ceive any additional salary beyond March 12th?

16 A No, sir.

17 Q Was that ever discussed?

18 A No, sir.

19 Q With anyone?

20 A No, sir.

21 Again, the bonus was, in fact, discussed.

22 Q And how much of a bonus did you make the previous
23 year in total?

24 A Well, bonus and total -- my total compensation,
25 you see, we discuss things in terms of total compensation and

1 last year was over 200,000.

2 Q And of that 200,000 some of it was --

3 A 135 was the bonus.

4 Q 135 was the bonus. And do you know how you came
5 to expect \$100,000 in a bonus for your employment through
6 March?

7 A It's again a subjective thing. I felt that I
8 had done as good a job this year as last year.

9 Q But you've only been there for three months of
10 the year.

11 A No; we're on a May year, so it's ten out of the
12 12 months.

13 Q Was there any discussion about buying your
14 interest out in the limited partnership over and above any
15 compensation that you may receive by reason of your annual
16 salary and bonus?

17 A No, as a matter of fact there's a question that
18 has not been discussed yet, I don't believe, whether in fact
19 I can get my limited partnership money out as it stands.

20 Q How much is tied up?

21 A 30,000, approximately; it's 20 plus a participa-
22 tion. So the participation again is based upon a full year
23 then pro-rated back to ten.

24 Q Who have you had those discussions with?

25 A (b)(6);(b)(7)(C)

BY [REDACTED]

1 Q What seems to be the snag?

2 A The firm policy is -- varies for the different
3 people as far as when they decide -- a general partnership
4 is structured such that you don't want your partners taking
5 out their capital, so that most partners get their capital
6 distributed over a certain number of years, the number of
7 years I'm not sure of, and I don't know whether that's clear
8 or not whether that applies to limited partners or not.

9 Q So, it would be your expectation that you would
10 receive your money over a period of time as opposed to one
11 lump?

12 A No; I believe it will come in one lump, because
13 the money is insignificant compared to the amount of money
14 in the partnership.

15 Q You do anticipate then being bought out of the
16 partnership in some formal fashion?

17 A I anticipate receiving my money back.

18 BY [REDACTED]:

19 Q Do you have a lawyer in connection with these
20 negotiations?

21 A There's no negotiations.

22 Q This is a conversation between you and [REDACTED]

23 [REDACTED]

24 A Yes.

25 Q Do you have any sisters?

- 1 A I do not.
- 2 Q Do you have any brothers?
- 3 A Yes.
- 4 Q Are any of them married?
- 5 A No.
- 6 I have one brother.
- 7 Q One brother; what is his name?
- 8 A (b)(6);(b)(7)(C)
- 9 Q (b)(6);(b)(7)(C)?
- 10 A (b)(6);(b)(7)(C).
- 11 Q Where does he live?
- 12 A (b)(6);(b)(7)(C)
- 13 Q Where is he employed?
- 14 A (b)(6);(b)(7)(C)
- 15 Q What does he do?
- 16 A (b)(6);(b)(7)(C)
- 17 Q Have you had any type of business dealings with
- 18 (b)(6);(b)(7)(C)?
- 19 A There's no relationship with Bear Stearns.
- 20 Q Pardon?
- 21 A Other than Bear Stearns, no.
- 22 Q Have you been a participant in any type of
- 23 business ventures with [REDACTED]
- 24 A No.
- 25 Q Do have any expectation of participating in any

1 business ventures with [REDACTED]?

2 A No.

3 Q Have you had any business participations with [REDACTED]

4 [REDACTED]

5 A No; nor do I anticipate any.

6 BY [REDACTED]:

7 Q Mr. Epstein, did anyone at Bear Stearns tell you
8 in words or substance that you should not divulge anything
9 about St. Joe Minerals to the staff of the Securities and
10 Exchange Commission?

11 A No.

12 Q Has anyone indicated to you in any way, either
13 directly or indirectly, in words or substance, that you're
14 compensation for this past year or any future monies coming
15 to you from Bear Stearns will be contingent upon your not
16 divulging information to the Securities and Exchange Com-
17 mission?

18 A No.

19 BY [REDACTED]:

20 Q Now, I think earlier we asked for your phone
21 number, and we got your phone number; is that correct?

22 A Yes; two phone numbers.

23 Q Two phone numbers. Those are for your house in
24 the city --

25 A And Brooklyn.

1 Q And in Brooklyn.

2 Can we get the phone records of those two numbers,
3 from the 1st of the year, January 1?

4 MR. LEHMAN: Do you have in your possession your
5 phone records for that period of time?

6 THE WITNESS: The phone bills.

7 (b)(6);(b)(7)(C): The toll charges; the sheet with the
8 toll charges.

9 THE WITNESS: I would doubt it. I could, I guess,
10 get them from the phone company. I don't have them.

11 MR. LEHMAN: The Commission can certainly sub-
12 poena the telephone company for whatever phone records it
13 wants.

14 BY (b)(6);(b)(7)(C):

15 Q All right; do you presently have your March bill,
16 at least? Or have you received a March bill yet?

17 A I don't really know. The March bill being --
18 your talking about --

19 Q March 1 to date?

20 A No, I don't believe so.

21 Q All right; we would ask that once that is re-
22 ceived by you, that you forward it on to us.

23 A Okay.

24 (Pause.)

25 (b)(6);(b)(7)(C): Mr. Lehman, we will also ask to see

1 the original of the March 25 letter, Division Exhibit 2.

2 MR. LEHMAN: Again, I will check to see if it's
3 available. We certainly have no objection.

4 [b)(6);(b)(7)(C)]: I would also ask you to speak with
5 the responsible official to cull their file to see if there's
6 any other documents in their possession tending to Mr.
7 Epstein's March 12, 1981, letter of resignation, that's
8 Division's Exhibit 3.

9 MR. LEHMAN: Again, I will check and see if it's
10 available. I have no problem. I'll ship it up here by
11 messenger if you would like; whatever you want.

12 [b)(6);(b)(7)(C)]: Including copies of Mr. Epstein's
13 diary.

14 MR. LEHMAN: For the last six months.

15 [b)(6);(b)(7)(C)]: Right.

16 MR. LEHMAN: We will endeavor to provide that to
17 you.

18 MR. HARRIS: Okay.

19 BY [b)(6);(b)(7)(C):

20 Q Last question today: Is it your testimony, under
21 oath, today that during the period March 9 through March 13,
22 1981, you did not have any information regarding a proposed
23 takeover of St. Joe Minerals Corporation by Seagrams?

24 A That's correct.

25 Q Is it also your testimony that you're unaware

1 that anyone else at Bear Stearns had such information avail-
2 able?

3 A That's correct.

4 Q And furthermore, that you're unaware of anyone
5 outside Bear Stearns who may have had this information in
6 their possession, before the public announcement, of a
7 Seagrams takeover?

8 A That's correct.

9 THE WITNESS: Before you go off the record, I
10 just want to make it clear that to facilitate a non-listing
11 in the phone book, my telephone is listed under Jeffrey
12 Edwards; I just want to make that clear.

13 [REDACTED]: All right; are you speaking of the
14 Manhattan?

15 THE WITNESS: That's correct.

16 [REDACTED]: Mr. Lehman, I'd like to provide you
17 with an opportunity before we go off the record, to clarify
18 any points that you feel need clarification.

19 MR. LEHMAN: I see no need; I think his testimony
20 was crystal clear that he knew nothing about St. Joe Minerals.

21 [REDACTED]: Okay, very well.

22 We'll adjourn the record for today. Of course,
23 the staff reserves the right to recall you sometime in the
24 future if we deem it necessary or appropriate.

25 That being the case we'll adjourn at 5:30.

(Whereupon, at 5:30 p.m. the Hearing was adjourned.)

AR-TI RECORDING, INC.

223 JERICHO TURNPIKE

MINEOLA, NEW YORK 11501

DIVISION Exhibit 1 (Epstein)

EXHIBIT TO BE USED IN FORMAL INVESTIGATIONS

To The Witness:

This document is being provided to you in order to notify you of certain procedural and other matters concerning your testimony.

Your testimony will be transcribed by the reporter and is being taken as part of an investigation being conducted by the staff pursuant to a formal order of the United States Securities and Exchange Commission to ascertain whether there have been, are, or are about to be violations of certain provisions of the federal securities laws. However, facts developed in the investigation might constitute violations of other laws.

The formal order of the Commission concerning this investigation is the document which authorizes the staff to take your testimony today. A copy of the formal order will be available to you during the course of your testimony. Should you desire a copy of the formal order for your retention you may request a copy by letter. Please ask the person taking your testimony to whom your letter should be addressed.

In addition, you should be aware of the following:

1. Privacy and Freedom of Information Acts.

Attached is a notice pursuant to the Privacy Act of 1974. Please read the attachment. It contains descriptions of certain requirements of the Privacy Act of 1974, certain aspects of the Freedom of Information Act, and, among other things, the routine uses to which the Commission may put information supplied by you.

2. Right to Counsel

You have a right to be accompanied, represented and advised by counsel. This means that you may have an attorney present and that your attorney can advise you before, during and after your examination here today.

If you are not represented by counsel, and if at anytime during the course of the proceedings you feel that you would like to be represented by counsel and have counsel present, please so advise the person taking the testimony and the proceedings will be adjourned to afford you the opportunity to make the necessary arrangements.

*Div Ex # Epstein
4/1/81
D.S.*

If you are represented by counsel, at any time during the course of these proceedings you wish to consult with your counsel, please feel free to do so. If you wish to consult privately, please so indicate and the necessary arrangements will be made.

3. Transcript Availability

Rule 6 of the Commission's Rules Relating to Investigations provides, in part, as follows:

A person who has submitted documentary evidence or testimony in a formal investigative proceeding shall be entitled, upon written request, to procure a copy of his documentary evidence or a transcript of his testimony on payment of the appropriate fees: Provided, however, That in a nonpublic formal investigative proceeding the Commission may for good cause deny such request. In any event, any witness, upon proper identification, shall have the right to inspect the official transcript of the witness' own testimony.

If you wish to purchase a copy of the transcript of your testimony, the reporter will provide you with a copy of the appropriate form.

4. Perjury

Section 1621 of Title 18 of the United States Code provides, in part, as follows:

Whoever...having taken an oath before a competent tribunal, officer, or person, in any case in which a law of the United States authorizes an oath to be administered, that he will testify, declare, depose, or certify truly,...wilfully and contrary to such oath states or subscribes any material matter which he does not believe to be true... is guilty of perjury and shall, except as otherwise expressly provided by law, be fined not more than \$2,000 or imprisoned not more than five years or both....

5. False Statements

Section 1001 of Title 18 of the United States Code provides as follows:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by

any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

6. Fifth Amendment

Any evidence you give may be used against you in any federal, state, local or foreign administrative, civil or criminal proceeding brought by the Commission or any other agency. You may refuse to give any evidence that may tend to incriminate you or subject you to fine, penalty or forfeiture. This right is guaranteed to you by the Fifth Amendment to the Constitution of the United States.

7. Going Off the Record

Your testimony will be transcribed by the reporter. If at any time you desire to go off the record, please indicate this to the person taking your testimony. The reporter will not go off the record at your request or the request of your counsel.

8. Availability of Information to Other Agencies

You should be aware that during the course of its investigations the Commission often makes its files available to other governmental agencies, particularly United States Attorneys and state prosecutors. There is a likelihood that information supplied by you will be made available to such agencies where appropriate. Whether or not the Commission makes its files available to other governmental agencies is, in general, a confidential matter between the Commission and such other governmental agencies.

9. Release No. 5310

Commission Release No. 5310 deals with certain recommendations of the Advisory Committee on Enforcement Policies, the so-called "Wells Committee". Among other things, that release discusses the making of submissions to the Commission by persons in connection with staff recommendations for enforcement action. A copy of Release No. 5310 is attached for your information.

Attachments

NOTICE PURSUANT TO THE PRIVACY ACT OF 1974
TO INDIVIDUALS REQUESTED TO SUPPLY INFORMATION VOLUNTARILY

The Privacy Act of 1974 requires that persons asked by the Commission to supply information in an investigation or otherwise be informed of the following:

AUTHORITY FOR SOLICITATION OF THE INFORMATION

One or more of the below provisions authorizes the Commission to solicit the information requested. Disclosure of the requested information by you to the Commission is voluntary on your part.

Section 19 and/or 20 of the Securities Act of 1933
Section 21 of the Securities Exchange Act of 1934
Section 321 of the Trust Indenture Act of 1939
Section 42 of the Investment Company Act of 1940
Section 209 of the Investment Advisers Act of 1940
17 CFR 202.5

PRINCIPAL USE OF INFORMATION

The Commission's principal purpose in soliciting the information is fact gathering in order to determine whether any person has violated, is violating, or is about to violate any provision of the Federal securities laws the rules and regulations thereunder, the rules of a national securities exchange or registered securities association of which such person is a member or a person associated with a member, the rules of a registered clearing agency in which such person is a participant or the rules of the Municipal Securities Rulemaking Board. If, as a result of the investigation, a conclusion is reached that someone is engaged in violative conduct, an enforcement proceeding may result and the information may be utilized in the enforcement proceeding.

EFFECT OF NOT SUPPLYING INFORMATION

There are no direct sanctions and thus no direct effects on you for failing to provide all or any part of the requested information.

ROUTINE USES OF THE INFORMATION

Information you give may be used in the routine operation of the Commission, including law enforcement, legislation or rule making proposals, regulation of the securities markets, review of reports and documents filed with the Commission, and referrals to other governmental or self-regulatory securities organizations.

Attached is a list of the "routine uses" describing the disclosure which may be made of the information and documents furnished.

FREEDOM OF INFORMATION ACT

The Freedom of Information Act, 5 U.S.C. Section 552, and the Commission's rules pursuant thereto, 17 CFR Section 200.80, generally provided for access by members of the public to governmental records, unless the requested records fall within specified exemptions.

In Securities Act Release 6241, September 12, 1980 the Commission has provided a mechanism for requesting that information given to the Commission be kept confidential. The release sets forth the procedure for directing such requests for confidentiality to the Director of the Division of Enforcement. Persons requesting confidential treatment must set forth in sufficient detail the particular testimony or specific documents (or portions of same) and the specific legal basis for which an exemption may be available from disclosure under the Freedom of Information Act. Further information concerning this procedure can be obtained from the Commission's headquarter offices in Washington, D.C. or from the Commission's field office which has requested the information.

ROUTINE USE OF INFORMATION FURNISHED
TO THE SECURITIES AND EXCHANGE COMMISSION

The routine uses which may be made of the information supplied may include one or more of the following:

1. To coordinate law enforcement activities between the SEC and other federal, state, local or foreign law enforcement agencies, and securities self-regulatory organizations.
2. By SEC personnel for purposes of investigating possible violations of the Federal securities laws.
3. Where there is an indication of a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule or order issued pursuant thereto, the relevant records in the system or records may be referred to the appropriate agency, whether federal, state, local, foreign or a securities self-regulatory organization charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute, or rule, regulation or order issued pursuant thereto.
4. In any proceeding where the Federal securities laws are in issue or in which the Commission or past or present members of its staff is a party or otherwise involved in an official capacity.
5. To a federal, state or local governmental authority maintaining civil criminal or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to an agency decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant or other benefit.
6. To a federal, state or local governmental authority, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.
7. In connection with proceedings by the Commission pursuant to Rule 2(e) of its Rules of Practice, 17 CFR 201.2(e).
8. When considered appropriate, records in this system may be referred to a bar association or similar federal, state or local licensing authority for possible disciplinary.
9. In connection with investigations or disciplinary proceedings by a state securities regulatory authority or by a securities self-regulatory organization involving one or more of its members.
10. As a data source for management information for production of summary descriptive statistics and analytical studies in support of the function for which the records are collected and maintained or for related personnel management functions or manpower studies, and to respond to general requests for statistical information (without personal identification of individuals) under the Freedom of Information Act or to locate specific individuals for personnel research or other personnel management functions.
11. In connection with their regulatory and enforcement responsibilities mandated by the Federal securities laws (as defined in section 21(g) of the Securities Exchange Act of 1934, 15 U.S.C. 78u(g)), or state or foreign laws regulating securities or other related matters, records may be disclosed to national securities associations that are registered with the Commission, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation, the federal banking authorities, including but not limited to, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, state securities regulatory or law enforcement agencies or organizations, or regulatory law enforcement agencies of a foreign government.

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

Securities Act of 1933
Release No. 5310
Securities Exchange Act of 1934
Release No. 9796
Investment Company Act of 1940
Release No. 7390
Investment Advisers Act of 1940
Release No. 336

PROCEDURES RELATING TO THE COMMENCEMENT OF ENFORCEMENT
PROCEEDINGS AND TERMINATION OF STAFF INVESTIGATIONS

The Report of the Advisory Committee on Enforcement Policies and Practices, submitted to the Commission on June 1, 1972, contained several recommendations designed to afford persons under investigation by the Commission an opportunity to present their positions to the Commission prior to the authorization of an enforcement proceeding.^{1/} These procedural measures, if adopted, would in general require that a prospective defendant or respondent be given notice of the staff's charges and proposed enforcement recommendation and be accorded an opportunity to submit a written statement to the Commission which would accompany the staff recommendation. The objective of the recommended procedures is to place before the Commission prior to the authorization of an enforcement proceeding the contentions of both its staff and the adverse party concerning the facts and circumstances which form the basis for the staff recommendation.^{2/}

The Commission has given these recommendations careful consideration. While it agrees that the objective is sound, it has concluded that it would not be in the public interest to adopt formal

^{1/} See Report of the Advisory Committee on Enforcement Policies and Practices, June 1, 1972, page 31 et seq.

^{2/} It should be noted that the obtaining of a written statement from a person under investigation is expressly authorized by Section 20(a) of the Securities Act of 1933 and Section 21(a) of the Securities Exchange Act of 1934. Section 21(a) of the Exchange Act provides as follows:

"The Commission may, in its discretion, make such investigations as it deems necessary to determine whether any person has violated or is about to violate any provision of this title or any rule or regulation thereunder, and may require or permit any person to file with it a statement in writing, under oath or otherwise as the Commission shall determine, as to all the facts and circumstances concerning the matter to be investigated. . . ."

staff, in its discretion, may advise prospective defendants or respondents of the general nature of its investigation, including the indicated violations as they pertain to them, and the amount of time that may be available for preparing a submission. The staff must, however, have discretion in this regard in order to protect the public interest and to avoid not only delay, but possible untoward consequences which would obstruct or delay necessary enforcement action.

Where a disagreement exists between the staff and a prospective respondent or defendant as to factual matters, it is likely that this can be resolved in an orderly manner only through litigation. Moreover, the Commission is not in a position to, in effect, adjudicate issues of fact before the proceeding has been commenced and the evidence placed in the record. In addition, where a proposed administrative proceeding is involved, the Commission wishes to avoid the possible danger of apparent prejudgment involved in considering conflicting contentions, especially as to factual matters, before the case comes to the Commission for decision. Consequently, submissions by prospective defendants or respondents will normally prove most useful in connection with questions of policy, and on occasion, questions of law, bearing upon the question of whether a proceeding should be initiated, together with considerations relevant to a particular prospective defendant or respondent which might not otherwise be brought clearly to the Commission's attention.

Submissions by interested persons should be forwarded to the appropriate Division Director or Regional Administrator with a copy to the staff members conducting the investigation and should be clearly referenced to the specific investigation to which it relates. In the event that a recommendation for enforcement action is presented to the Commission by the staff, any submissions by interested persons will be forwarded to the Commission in conjunction with the staff memorandum.

It is hoped that this release will be useful in encouraging interested persons to make their views known to the Commission and in setting forth the procedures by which that objective can best be achieved.

Jeffrey E. Epstein

Bear, Stearns & Co.
55 Water Street
New York, N. Y. 10041
(212) 952-5847

March 25, 1981

To The Executive Committee:

I leave Bear Stearns with a sense of regret. In the five years that I have been associated with the firm, I have enjoyed many learning experiences, and have greatly benefited from my relationship with the highest level of professional people. Specifically I owe a great debt to Alan Greenberg and (b)(6);(b)(7)(C) who took time out from their lives to give me the help and advice I needed to grow not only in this industry, but as an individual. It is therefore, even more unfortunate that my view of my future relationship with Bear Stearns has changed dramatically over the past two weeks.

On March 3, I was asked into Mickey Tarnopols office to meet with Mickey and (b)(6);(b)(7)(C) thinking the meeting was called to discuss my general partnership. I was surprised to be asked to "tell us about the (b)(6);(b)(7)(C) account". - (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) at Bear Stearns.

I stated that her account was an active trading account comprised of mainly speculative new issues and some stock options. They asked how she received the new issues, I stated that in fact the syndicate manger had advised and followed the account from the beginning and was totally aware of (b)(6);(b)(7)(C) participation and account status. I assured them that the statements would show clearly and accurately that (b)(6);(b) had purchased new issues on a regular basis for over seven months. The equity in the account was over \$30,000 and since July the profit and loss had totaled a loss of approximately \$1000.

It was at this point that I felt the questions were being addressed to me not in a manner befitting of one's own partners, but in a fashion of people bent on "uncovering something". There was little to "uncover" since everything was clear and accurate in the records. (b)(6);(b)(7)(C), who is not a member of my family, who had been (b)(6);(b)(7)(C) at Bear Stearns and was known to partners and supervisors alike, had received new issues on a regular basis for seven months, investing her own money. I did not make nor do I think it was implied that I made any attempt whatsoever to violate, conceal, or profit from any transactions. The subject developed into whether I thought that these new issues would have been better used for Bear Stearns "preferred clients" and that whether a potential partner in my capacity should have been aware of that fact!!.

Handwritten notes:
D. 2/1/81
10
E. J. H. #9

In the course of these discussions regarding (b)(6);(b)(7)(C) I learned for the first time that a "broker could not lend money to anyone to buy stock". I was aware that no profit or loss participation was allowed in a clients account, but in fact had loaned money to my friend of fifteen years, (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) on a single occasion, many months ago to enable him to purchase stock. I immediately made this fact and all details known to (b)(6);(b)(7)(C) and Mickey, who had had no previous knowledge of this transaction.

I was told that the outcome of "both" these matters would likely result in my not receiving a general partnership, something I held in high regard and had worked five years to achieve. Taking into account the singularity of the incident and the fact that it was my own initiative in revealing the potential problem, the eventual conclusion of these discussions deeply offended me. I feel that these issues were blown greatly out of proportion.

I therefore, saw no alternative, but to submit this letter and accompanied resignation.

Jeffrey E. Epstein

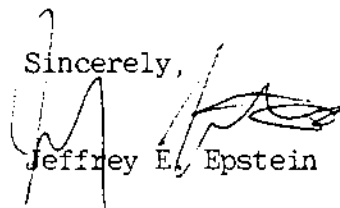
Bear, Stearns & Co.
55 Water Street
New York, N. Y. 10041
(212) 952-5847

March 12, 1981

TO THE EXECUTIVE COMMITTEE:

With this letter and accompanying statement,
I hereby resign as a Limited Partner of
Bear, Stearns & Co., effective immediately.

Sincerely,



Jeffrey E. Epstein

*Dir. Ex. #3 Epstein
4/1/81
P.S.*

Memo

BEAR STEARNS

To All Partners
All Branch Managers
Account Executives

Date March 12, 1981

CC

From: The Executive Committee

Subject

Whenever something out of the ordinary occurs and people do not know the facts, they create mythical situations for discussion. The purpose of this memorandum is to set the record straight.

1. Jeffrey Epstein has made voluntary disclosure to the firm that in October, 1980, he lent a modest sum of money to a close friend who was also a customer of the firm. This money was used to purchase stock. As a result of Jeff's involvement in this transaction, the Executive Committee imposed a fine of \$2,500.
2. Jeffrey also made distributions of new issues in a manner which, while within the bounds of applicable law, was at odds with the firm's preferred procedure. As a result, the Executive Committee has imposed a 60-day firm suspension.
3. Jeffrey has now advised the Executive Committee that, as a result of its decision, he has decided to withdraw from the firm and will, accordingly, submit a letter of resignation.

We respect Jeffrey's decision and wish him the best.

UNIFORM TERMINATION NOTICE FOR SECURITIES INDUSTRY REPRESENTATIVE AND/OR AGENT

1. INDIVIDUAL'S NAME Epstein Jeffrey F. 0100
(LAST) (FIRST) (MIDDLE, if none, so specify)

2. REGISTERED OR APPROVED CAPACITY R.R. 1390 3. (b)(6);(b)(7)(C) 0200
Limited Partner Social Security Number

4. FIRM NAME Bear, Stearns & Co. 0110

5. FIRM MAIN ADDRESS 55 Water St., New York, N.Y. 10041 0169

6. OFFICE OF EMPLOYMENT ADDRESS 55 Water St., New York, N.Y. 10041 0180

7. DATE TERMINATED _____ 4500
(MM/DD/YY)

8. REASON FOR TERMINATION—CHECK ONE:

Voluntary 4510 Deceased _____ 4530
Permitted to resign _____ 4520 Discharged _____ 4540 Other _____ 4550

* FURNISH FULL DETAILS, ON REVERSE SIDE, FOR ANY ANSWER WHICH IS MARKED BY AN ASTERISK.

9. WHILE EMPLOYED BY OR ASSOCIATED WITH YOUR FIRM, WAS THE INDIVIDUAL THE SUBJECT OF

	YES	NO	
(a) any investigation or proceeding conducted by any governmental agency or self-regulatory body which has jurisdiction over the securities, insurance, banking, real estate or commodities industry?	_____	X	4560
(b) a refusal of registration, censure, suspension, expulsion, fine or any disciplinary action by any governmental agency or self-regulatory body, having jurisdiction over the securities, insurance, banking, real estate or commodities industry?	_____	X	4570
(c) any major complaint or any legal proceeding by a customer of your firm?	_____	X	4580
(d) any conviction of a felony or misdemeanor (other than minor traffic violations)?	_____	X	4590

10. Is there reason to believe that the individual while employed by or associated with your firm, may have violated any provision of any securities law or regulation or any agreement with or rule of any governmental agency or self-regulatory body, or engaged in conduct which may be inconsistent with just and equitable principles of trade? 4600

FURNISH FULL DETAILS, ON REVERSE SIDE, FOR ANY "YES" ANSWER

3/20/81 (b)(6);(b)(7)(C) (b)(6);(b)(7)(C)
Date Type Name of Appropriate Signatory Signature of Appropriate Signatory

PERSON TO CONTACT FOR FURTHER INFORMATION: (b)(6);(b)(7)(C)

TELEPHONE NUMBER (b)(6);(b)(7)(C)

SUPPLEMENTAL STATE REQUIREMENTS

(a) AGENT'S LICENSE, CARD OR CERTIFICATE ENCLOSED _____
Required by: AL, AK, AR, CO, FL, GA, HI, ID, IN, KS, KY, LA, MN, MT, NH, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, WV.

(b) SIGNATURE OF AGENT TO BE TERMINATED _____ Date _____
Required by: AL, AK, CT, DE, DC, IN, LA, MI, MO, NE, OK, TN, VA, WY.