UNITED STATES OF AMERICA
Before the
SECURITIES EXCHANGE COMMISSION

In the Matter of

MICHAEL R. PELOSI,

Respondent.

Administrative Proceeding
File No. 3-14194

APPELLANT-RESPONDENT MICHAEL R. PELOSI'S BRIEF IN REPLY TO THE COMMISSION'S OPPOSITION

JOHN R. HEWITT
Of Counsel and On the Brief

McCARTER & ENGLISH, LLP
245 Park Avenue, 27th Floor
New York, New York 10167-0001
(212) 609-6800
Attorneys for Michael R. Pelosi

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

CASES

STATUTES

OTHER AUTHORITIES

INTRODUCTION

The Division of Enforcement's ("Division") Brief In Opposition ("Brief") To Respondent Michael R. Pelosi's Brief In Support of Appeal ("Brief In Support") fails to provide any support for its claim that Mr. Pelosi violated Section 206 (1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act"). As will be addressed in detail below, the Statement of Fact section of the Brief contains factual misstatements and mischaracterizations of testimony that when closely analyzed evidence the Division's failure to establish facts that would provide support for their legal analysis and conclusions. As a result, the Division has failed to meet its burden of proof, and, therefore, the bar sanction imposed on Pelosi in the Initial Decision should be vacated and a lesser sanction imposed.

SECTION I

ANALYSIS OF DIVISION'S STATEMENT OF FACT

The factual contentions in the Division's Statement of Facts ("Statement") do not provide a sufficient basis for their claims under Section 206(1) and 206(2) of the Advisers Act. The Division's contentions are addressed in detail in Pelosi's Findings of Fact Section in his Brief in Support although certain factual allegations in the Statement that require further clarification are reviewed Section I below.

Sections I A and B

Client Letters

The Division has failed to establish that Halsey provided any guidance to Pelosi on the drafting and content of Halsey's quarterly and annual letters to its clients ("Client Letters"). As noted in the Brief In Support, the only "training" that Pelosi received for this was the brief discussions that he had with Julian and Zoldy in the first weeks of his employment in 2005.[1] The Decision found, that "Halsey did not formally train Pelosi to write client letters."[2] Pelosi then could have logically assumed that the TWR or their annual report was for annual reporting and that the DCF Report or their quarterly report was for quarterly reports. Many firms use DCF reports in this manner.[3]

Contrary to the Division's contention, Pelosi did object to Zoldy about the firm's failure to provide accurate and current performance information to its clients. Zoldy failed to respond to this concern.[4] The Division also asserts incorrectly that Pelosi had 16 years of prior experience sending such reports to his clients. Actually, neither Mr. Zoldy nor Mr. Julian ever even inquired about his experience. Had they, they would have learned that he had no such experience. At his prior employment, another division drafted client correspondence and performance reports.[5] Also, while Pelosi believed that computer generated results were to be reported to his clients, Pelosi testified that his use of performance adjusted numbers here without a proper explanation was bad judgment and not conscious wrongdoing.[6]

Section II

Rourke and Rynne Discussions

Pelosi's discussions in early 2008 with Rynne and Rourke, the Halsey PAs, regarding the performance numbers used in Client Letters support his contention that he used a different

---

[1] Julian 484:1-14 and Zoldy 207:13-25; 322:9-16
[2] Dec. at p. 5.
[3] Pelosi 635:2-6; 1082:9-1083:6
[4] Pelosi 1205:12-1206:8
[5] Julian 566: 22- 567:1, Zoldy 322:9-16 and Pelosi 606:5-607:11.
[6] Pelosi 741:6-747:3; 1110:14-1112:13.

method for calculating client performance. In early 2008, Rourke inquired with Pelosi about his client performance numbers, as they varied from those in the Advent Reports. Pelosi responded that he had a "different way of calculating the performance figures".[7] Rynne also inquired about this at that time and Pelosi responded that "he used a different calculation".[8] While the Division admits that these discussions occurred, it fails to recognize and/or denies their significance. Pelosi has maintained throughout that he used different calculations such as the Dietz formula to determine the correct performance numbers for his Client Letters. His separate statements to Rynne and Rourke well before the August 2008 confrontation that he used "different calculation(s)" and a "different way of calculating" strongly support this position.

Pelosi's conduct during and after the Rynne and Rourke discussions also evidences his lack of scienter. In these discussions, Pelosi responded without hesitation and did not instruct Rourke or Rynne to conceal his actions and/or to refrain from speaking to anyone about them. If Pelosi viewed his conduct as questionable, he would likely have been less forthcoming. For months before the August confrontation, Pelosi openly discussed his adjustments to his clients' performance figures. Pelosi obviously lacked any intention to deceive.

This can be contrasted with the August confrontation in which Pelosi initially denied making these changes. Pelosi admits that this was bad judgment, but it is not evidence of wrongdoing. This mistake is exploited unrelentingly by the Division, making it appear to be a deception that was somehow part of an ongoing scheme. Actually, Pelosi corrected this mistake by informing Julian the next morning that he "did make changes".[9] Thus, for months prior to the

[7] Rourke 39:1-3

[8] Rynne 124:17-21.

[9] Pelosi's testimony on this reads as follows:

730

21 You asked him to meet you downstairs?

August 2008 confrontation, Pelosi had been openly discussing his changes with Halsey's PAs, and, after the confrontation, desired to discuss this with Zoldy and Julian. However, he was never afforded this opportunity.

Resp. Exh. #17, a chronology of the events in this matter drafted by Julian for Halsey's counsel ("Chronology"), reveals that Zoldy and Julian conferred with outside counsel on this issue even before speaking with Pelosi about it[10] and that, after the confrontation, Zoldy was conveniently out of the office traveling for four days.[11] Additionally, the Chronology reveals that Pelosi was not a participant in any internal discussions conducted after the confrontation. Further, Julian and Zoldy consulted with outside counsel several times regarding this review, but Halsey did not document the review itself in any way. Finally, in the first instance where this review was to be disclosed in a regulatory filing, Julian lied. Halsey engaged in a conscious deception – not a mere oversight – on its U-5 filing. This was only amended when a client threatened to disclose it to the regulators. It was Zoldy and Julian who were then acting in bad faith throughout this entire period.

---

22 A Yes.
23 Q He did that, he came and he met you
24 outside?
25 A Oh, yes. Yes.
731
1 Q And you told him that you did it?
2 A No. I told him that I did make changes.
3 That's the first thing I said to him, I said, I did
4 make changes.

[10] Julian 492:20-24, 577:15-25; Zoldy 370:1-6

[11] Zoldy 224:20-23; 365:7-366:6

Deletion Allegation

Immediately after the August 14 confrontation, Pelosi initiated a review of his Client Letters, and, in so doing, accidentally deleted a certain grouping of them. Here, again, the Division attempts to link this oversight into some fraudulent design. In reality, Pelosi was openly conducting his letter review immediately after the confrontation with the complete knowledge of Zoldy and Julian. If the deletion were intentional, it was done in front of the entire firm at the peak of the business day when every Firm member was reviewing these exact documents.[12] Further, everyone at Halsey knew that there were backup tapes for the Client Letters, including Pelosi. Pelosi also informed Frois of this accidental deletion, and she immediately proceeded with Julian to replace the files immediately.[13] In fact, a Halsey employee, Rourke, verified this by testifying that Pelosi initiated the discussion with Frois. [14]

Alleged Missing Documents

Julian maintains that certain copies of the Client Letters he was reviewing allegedly disappeared when he came to the office the following morning. Pelosi was in the office earlier than Julian that day. Julian maintains that Frois copied these documents for him and on that next day confirmed that some were missing. However, Frois denied that she knew anything about these missing documents.[15] If Julian's story were true, it would mean that Pelosi would have forgotten about the backup tapes and that Frois was lying under oath. Frois has over 25 years of business experience as a portfolio assistant and an impeccable reputation. Are we to believe Ms.

[12] One genuine question was how Pelosi managed this deletion when there was a notice screen on the system that had to be overridden to do this. The answer is that anyone who has used these confounding systems has been guilty of such a blunder at one point or another. Mr. Pelosi's was badly timed.
[13] Pelosi 1102:11-1105:21 and Frois 903:1-904:20.
[14] Rouke 91:16-92:3.
[15] Frois 906:8-19

Frois or Mr. Julian, the CCO that drafted and signed a false filing with the regulatory authorities concealing this very situation?

Alleged Client Explanation

Julian also claims that Pelosi presented him with a written explanation to use in discussing these adjustments with his clients. However, Pelosi testified that these were actually rough notes of a telephone conversation with his brother regarding, among other things, the possible errors that could result from the use of templates.[16] He responded to a Division question regarding his allegedly providing this note to Julian as follows:

> 750
>
> Q Now, you gave this note to Ken Julian while you were still employed at Halsey; did you not?
>
> A Actually, I do not believe I did.
>
> Q But you were here when he testified that you gave it to him?
>
> A I absolutely was.
>
> Q So you wrote out an excuse for why the letters might be different from the Advent reports. Right?
>
> A I wrote out what he was telling me about Word. The bottom part of this secondly were notes I wrote to myself after that conversation. This was nothing

[16] Pelosi 750:8-752:8

that I ever intended to give to anyone, let alone Ken. Under these circumstances, why on earth would I provide him with a torn, tattered, incomplete memo, incomplete sentences, crude abbreviations, and it certainly, it certainly was not something that I was proposing as an example of what we could explain to my clients with. That is -- that's a mischaracterization of these handwritten notes. [17]

Section IV A

Pelosi Basis For Performance Adjustments

The Division claims that Pelosi fabricated the basis for his client performance adjustments. However, this ignores Pelosi's response to Rynne and Rourke's inquiries in early 2008, and his response to Julian and Zoldy during the August 14, 2008 confrontation. Pelosi's discussions with Rynne and Rourke establish that he was discussing his use of certain "different calculations" at least by early 2008. Resp. Exh. # 17, the Chronology, notes, in the paragraph dated Thursday, August 14, 2008, that Pelosi responded to Julian and Zoldy's inquiries regarding the variance in his performance results as follows:

> MP suggests possibility of systems problems, possible errors by administrative staff, rare cases where he was legitimately manually calculated performance.

There is little difference between this response, and the position that Pelosi has consistently maintained in this matter. However, while having every opportunity then to question Pelosi on the "rare cases" statement, neither Julian nor Zoldy followed-up on this

[17] Pelosi 748: 17-751:17.

response. Rather, they adjourned the meeting to undertake a "thorough review of client communications". However, the Chronology establishes that Zoldy traveled for the next four days, making an immediate review impossible. Further, Pelosi testified that one of the reasons that he was surprised by the Client Letters shown to him at this meeting was the apparent frequency of the changes made in the letters.[18] His above "rare cases" statement is consistent with this and substantiates his legitimate concern to inquire further into this. However, when Zoldy returns to the office after traveling on August 19, the Chronology clearly notes that a decision is made by Zoldy and Julian to terminate Pelosi without further inquiry. Halsey's Chronology then establishes that, contrary to the position of Julian and Zoldy in this matter, no additional review of Client Letters was ever undertaken by Halsey and certainly Pelosi was never given an opportunity to review or to discuss them.[19] Thus, the termination was based on the review of some 20-40 Client Letters, and Pelosi was never afforded an opportunity to properly defend himself in this matter.

Section IV B

DCF Reports

The discounted cash flow or DCF methodology is a universally accepted performance calculation methodology, as established by Pelosi's expert witness[20] and verified by the Advent help function[21]. Even Julian agreed that he used the DCF report to investigate returns on the TWR report that looked irrational.[22] The Division now maintains that Pelosi never used the DCF Reports. Actually, Pelosi used the DCF reports when the results on the TWR report appeared

[18] Zoldy 222:2-223:22; Julian 493:6-496:5 and Pelosi 1099:9-1102:10
[19] Julian 586:5-590:9; Zoldy 370:1-378:20 and Pelosi 1131:9-1133:5
[20] Audley Report; Resp. Exh. 29; Audley 1323:24-1324:4, 1324:24-1325:3
[21] Audley 1298:9-24
[22] Julian 482:16-25

unreasonable. In those instances, the fact that Pelosi used the DCF report does explain the differences relative to the current TWR reports.

In fact, Pelosi identified one such example of this during direct examination by the Division. Asked if he could explain why his letter for the Morganti trust referenced a 6.2% return rather that the 4.2% reflected on the current TWR report, Pelosi responded:

> 786
>
> 12 A Well, I guess I do have an explanation for
>
> 13 this difference. The 6.2 percent exactly matches
>
> 14 the DCF report for the 12-month period. If I'm
>
> 15 reading this correctly.

<u>Section IV B</u>

<u>Dietz Calculations</u>

Pelosi has addressed his use of Dietz calculations in his Brief In Support as well as Resp. Exh. 4.[23] Pelosi also discussed many of these calculations in great detail in testimony (Pelosi 1051:22 through 1071:1, 1172:14-1174:7), and made notations of calculations on the performance reports made available to him at the time. Those reports were then returned to the PAs along with the appraisal and draft letter. However, it was Halsey's practice to not retain original copies of the performance reports.[24]

[23] See Addendum A for examples of this.
[24] Rourke 30:4-16; Rynne 114:10-115:2; 121:25-122:21 and Frois 854:14-855:15

Section V

The Bogus "Reporting Period" and "Template" Excuses

The Division maintains that Pelosi is unable to verify his claims that Halsey reported annual returns for periods dating beyond a year or to the account's alleged inception. However, Pelosi testified to several instances of this. For example, Pelosi stated the following with regard to a Dr. George letter for the period ending 7/31/06:

1185

14 Q Now, you say you came to the 10.7 by

15 taking the difference between the market values?

16 A The market values expressed in the last

17 sentence of the second paragraph.

18 Q And that was not the way that Halsey

19 reported its portfolio performance, was it?

20 A Actually, there were instances, I believe,

21 when Bill did that -- I'm sure there was.

22 Q Every month you were handed portfolio

23 performance sheets.

24 Right?

25 A Yes.

1186

1 Q And one was a discounted cash flow, and

2 the other was a time-weighted return.

3 Right?

A That's correct.
Q And you typically reported a portfolio
performance results in the first sentence of the
second paragraph of your letters.
Isn't that true?
A That is true.
Q In this letter, instead of reporting that
performance, you put in a higher number because you
could get it by taking the difference between the
two market values.
Isn't that correct?
A No, it is not.
I --
Q It's a higher number, is it not?
It is a higher number?
A For the portfolio for its performance
since inception, which was one year and a
week-and-a-half.
If you were a client, which number would
you be more interested in?

While Pelosi may have specified that inception in this case was actually a few days more than one year ago, he provided both the ending market value and the inception market value directly in his letter, providing even greater transparency.[25] This conduct is fully consistent with all disclosure requirements under the Advisers Act.

The Division argues that Pelosi fabricated his template explanation because he would update some, but not all, the data in a table. This statement however is the very point that Pelosi is demonstrating: existing letters were used as templates for others. In such cases, some, but not all, of the correct data would be entered. The template errors in Respondent's Exhibit 25 demonstrate errors in which entire charts were copied, and the narrative discussion in these letters was substantially identical. Zoldy has admitted that the procedure of doing a "file, save as" for writing letters may not have always been done properly.[26]

SECTION II

Section II will analyze in detail several of the major factual issues in this case that will provide an additional factual foundation for Pelosi's claims. It begins with a brief explanation of Resp. Exh. 4, an important summary exhibit in this matter.

Respondent Exhibit 4

Resp. Exh. 4 is a spreadsheet compilation of important and relevant information from the Client Letters and related documents. Client names appear in the order in which their Client Letters first appeared in Halsey's production. Letters for each client are then sorted chronologically within each client's record. The notation "No Letter Provided" in column E indicates that, while a letter would have been produced for this period based on the client's

---

[25] Pelosi 1158:16-1160:10
[26] Zoldy 331:1-332:3

review cycle and performance reports provided for these time periods, no Client Letter was provided in this production.

Column B in Resp. Exh. 4 provides significant information for each noted account. For example, Column B explains the reason for differences between advent reports that were produced in 2009 and returns quoted in Pelosi's letters that were written several years earlier. Pelosi also referenced Resp. Exh. 4 in testimony when addressing the template issue (Pelosi 1166:24-1168:23, 1170:7-17), advent data changing over time (1156:10-1157:13, 1177:12-1178:1), missing prices on current advent reports affecting return calculations (1170:18-1171:4), division errors in compiling their spreadsheet (1176:25-1177:9, 1180:12-1181:1), and start date errors (1178:21-1179:20). These are the very issues that the Division claims Pelosi never provided examples of.[27]

Col. B also captures, in summary form, many of the reconciliations and calculations that Pelosi performed as he was attempting to understand any differences not explained by those previously identified issues. He was questioned about several of them (1169:19-1170:6, 1172:14-1174:7). The Division repeatedly asked Pelosi if Resp. Exh. 4 contained any Dietz calculations. While Pelosi correctly answered no, Resp. Exh. 4 does reference at least 11 specific Dietz calculations that are evidenced in the summarized Client Letters.[28]

[27] See Addendum C for a compilation of the various performance problems and issues listed in Resp, Exh. 4.
[28] See Addendum A for a listing of these.

An Analysis of Halsey's Client Letters

Pursuant to Rule 230, Pelosi was provided with more than 24,000 documents produced to the Division by Halsey in this matter. In Pelosi's initial review of these documents, he created a handwritten notebook (Resp. Exh 7) indexing each document by Bates number. The notebook also detailed any noteworthy aspect of each document as well as data or documents that were missing, such as custodial reports or DCF reports. Pelosi then created a handwritten journal of every performance report generated by Halsey for this production, and related them, where possible, to every client letter or client presentation produced by Halsey. This journal (Resp. Exh. 9) includes Bates numbers, the client's name, the reference period and the return on the performance reports for both methodologies (DCF and TWR), (Pelosi 765:19-766:22, and 1138:5-1139:13). Pelosi's handwritten notebook and journal became the source documents for Resp Exh. 4.

The 80 Unsigned Letters

Pelosi's analysis of the Halsey production determined that there were some 320 actual Client Letters in this production and that there is strong evidence of some 500 Pelosi Client Letters in total. Of the 320 existing Client Letters, the Division only used 240 in its case. The Division's Summary Witness used these letters or summaries of them in his computations in this matter, and testified that he understood that these were the Pelosi letters that were currently available. He further testified that any performance information in any additional letters would change his computations in the Division Exhibits.[29]

[29] Jacques 462:6-463:6.

The Division maintains that Zoldy testified that the 240 Client Letters were Halsey's entire record of Pelosi's correspondence. Zoldy testified that he reviewed the Div. Exhs. 17 to 24 that they "constituted the firm's record of what Pelosi sent to his clients from 2005 to August 2008". This statement, on its face, appears to include all the letters generated by Pelosi while he was at Halsey. However, Exhibit 25, the "Declaration of James S. Zoldy, Jr. Certifying Records of Regularly Conducted Business Activities" reveals something quite different, as in its paragraph 2, Zoldy certifies that the notebooks marked as Div. Exhs. 17 to 24 are true and correct copies of 240 letters produced by Halsey to the Division. In paragraph 3, Zoldy certifies that these are "letters either scanned copies of signed letters (through early to mid-2008) or unsigned electronic copies of letters (after early-to mid-2008).

Div. Exhs. 26 and 30 are spreadsheet chronological listings of the 240 client letters contained in Div. Exhs 17 to 24. However, even a cursory review of these exhibits evidences significant time gaps in these Client Letters. There are only fifteen letters for 2005, and no consistency in time or client order for the 2005 to 2008 period, as many individuals appear only once a year, while others appear more frequently. This explains Zoldy's vague reference in Exhibit 25 to letters "through early to mid-2008", as many earlier Halsey Client Letters were not included in this production. Zoldy's vague verification and testimony regarding these records are the only basis for their admission into evidence.[30] The Division did nothing else to validate them as the basis for their claims. In its Brief, the Division acknowledges a problem with these letters by stating that, if Pelosi has a problem with them, it should pursue this with Halsey. In the alternative, the Division asserts that the 80 letters were unsigned copies of signed letters sent prior to 2008, but Pelosi has included a detailed listing of many of these letters as examples in

[30] Zoldy 235:24-238:3

Addendum B and the overwhelming majority of them are from 2008. Zoldy and Julian were questioned extensively about these additional letters and offered no explanation for them.[31]

Further, Addendum B also reveals that the unsigned letters not used by the Division in their case contain performance data that is either neutral to or understates results compared to the recently produced Advent reports. The Division has offered no genuine explanation for this "oversight".

The 500 Client Letters

In his analysis of the Halsey production, Pelosi found performance reports, account summaries and other account information that did not have a companion Client Letter. One explanation for this could be that Pelosi had made a PowerPoint presentation to the client in lieu of a letter, although usually Halsey would retain the presentation. Pelosi found some 180 instances where other account documentation and the client's normal review cycle evidenced that a Client Letter or a PowerPoint should exist, but no such document was provided.

Halsey's failure to maintain these records is another example of its total compliance breakdown, and yet another rule violation, i.e., Investment Adviser's Act Rule 204-2(a)-7. Equally as important is that it prevented Pelosi from properly analyzing all the actual records that were generated by him during his Halsey employment.

The Effect of Halsey's Systemic Problems

In response to Pelosi's argument regarding the inaccuracy of Halsey's data, the Division and the Decision maintain that, even if Pelosi were able to establish data accuracy problems in

[31] Zoldy 329:15-330:16

Div. Exh. 26 and 27, this did not affect the accuracy of Div. Exh. 17 to 24. This position ignores the fundamental problem that resulted from Halsey's failure to properly utilize its own systems. The Advent System, like any computer system, functions as well as its operators understand its capabilities and limitations. Halsey used the Advent system to compile its current client account portfolio information and to create the reports at issue -the DCF Reports and the TWR Reports. Halsey was required to maintain these reports in electronic or hard copy by Rule 204-2(a) (16). However, the Advent system was, as Frois testified, "not a record keeping system".[32] While it was capable of maintaining current client account portfolio records, any new entry updating this account information automatically eliminated the data that it replaced.[33] Halsey either failed to appreciate this limitation or ignored it.

The Decision alleges that Pelosi presented no evidence of this problem[34], but Pelosi, Zoldy, Rourke, Frois and Rynne all were questioned on Resp. Exh. 27, containing specific examples of this problem. In the latter part of this exhibit, there are two copies of several supposedly identical reports, each of which had been provided by Halsey to the SEC on different dates. In the interim, certain new entries had been made in these reports, as, while they should have been identical, they actually contained different data.[35] When shown these, Zoldy testified that account documents with the same date should have the same market value but could not explain why there was a difference.[36]

---

[32] Frois 847:21-23. The Decision at p. 15 erroneously attributed this statement to Pelosi.
[33] Frois 847:25-848:10, 877:7-18, 899:3-7, Expert Report, Audley 1279:8-1280:2.
[34] Dec. at 15.
[35] For example, Bates No. 100147 and 100193 and others in Resp. Exh. 27. Pelosi 1157:2-17, Rourke 76:24-84:25; 84: 18-85:3 and Rynne 158:3-160:2; 159:22-162:16.
[36] Zoldy 344:20 – 346:7

The Decision and the Division assert that this was not an issue as Zoldy, Julian, Rynne and Rourke saw the documents in "real time". This further evidences their failure to understand this problem, as any such documents reviewed by them in 2008 would have had the same problem as those noted above, i.e. they would be comparing 2008 Advent data that had their performance numbers altered by later entries through the normal course of updating the system. This problem would have originated from the time the Advent system was employed at Halsey in 2004.

At Halsey, new data was entered into the TWR and DCF Reports on a monthly basis. In this case, Rule 204-2(a)(16) would require Halsey to maintain a separate record of each DCF and TWR report that existed at the time the Client Letters were being composed. Not surprisingly, Halsey failed in this record keeping responsibility as no such records were ever maintained.[37] This is not simply a rule violation but a delinquency that prevents Halsey, as well as the SEC and the Respondent, from properly assessing the data in the relevant TWR and DCF Reports. Additionally, the evidence of this problem is, by its very nature, eliminated when the new entry is made. In other words, unless an earlier hard copy of the document exists as occurred in the above instances, there would be no evidence of the record keeping failure. Finally, without the actual earlier report, no proper analysis could be made to determine the basis for the performance information used in the Client Letters. This was such a basic problem that it affected all the records used by the Division, including those in Resp. Exh. 17 to 24.

---

[37] Frois 879:8-21, Rynne 122:16-19, 169:7-170:9, Rourke 36:23-37:1, 44:24-45:4, Zoldy 233 :19-234 :2.

Question Marks, NA and O Entries

There are other Halsey record keeping problems that lead to additional difficulties in this area. The Decision states that "Certain performance reports contained question marks in place of values", which Pelosi views as proof of the report's inaccuracy. Halsey maintained that, as a general rule, if a report generated at the end of a month had a question mark, it would be investigated and corrected. Additionally, the Decision and the Division maintain that Pelosi established that Halsey reports had "N/A" and "0" entries, and that the Halsey employees explained them.[38] Numerous Advent reports containing "N/A" and "0" were included in the Halsey production to the Division in 2009 and ultimately were included in the Division's analysis (Div. Exh. 28 and 30). If a question mark, N/A or 0 meant the data is incorrect, Halsey should have corrected it. However, the question marks, N/A and 0 appear in documents in Halsey's 2009 production that relate back to earlier periods such as 2005. This evidences the very point that Pelosi makes, i.e. that Halsey did not correct inaccuracies in its records or that these records were later affected by manual updates to the Advent system.

Start Date

In establishing its accounts, Halsey's practice was to use the first of the month following initial funding as a start date. Yet, the reports Halsey provided in its production often use a start date that is the first of the month in which initial funding occurred, thus creating an accounting or cash flow problem. [39] Consequently, it was impossible to determine the 'from inception" of the

[38] Resp. Exh. 27..
[39] Pelosi 1178:21 – 1181:1

account results in Pelosi's letters compared to Advent because Halsey didn't use the correct "from inception" date. Examples of these problems are seen in Resp's Exhibit 27.[40]

These Halsey record keeping problems were a significant issue that still had not been resolved by 2009. They were certainly a sound basis for Pelosi to have serious concerns about Halsey's records and to take the corrective action that he did.

Frois Credibility

The Division and the Decision maintain that Frois had a personal stake in these proceedings as she worked at YHB and was personally acquainted with Pelosi. Thus, she must be biased in her testimony. Actually, Pelosi is no longer employed at YHB, as he was terminated upon issuance of the Initial Decision on January 6, 2012. Frois, however, remains a fully employed at YHB. Frois did not report to Pelosi, and her employment at YHB was then and obviously is now not related to Pelosi's employment. In fact, Frois did not benefit or gain in any way by assisting Pelosi. Frois received no compensation for the assistance she provided Pelosi in the hearing, as she was a witness to the alleged events. If she had received paid assistance from Pelosi, the Division would then have alleged that she was biased because she had been compensated.

Rynne and Rourke Credibility

The Division further states, that because Frois is biased, the Commission should rely on the credible testimony of Rynne and Rourke. Both Rynne and Rourke are employees of

[40] Pelosi 1157:18-1161:7

Halsey and readily stated in testimony that the reason they raised the issue of differences in Pelosi letters with Zoldy was that they feared they would be blamed for mistakes. The Decision completely ignores this fact. Rourke and Rynne are each over 20 year Halsey employees, so that if a long and close relationship is a basis for bias, they are much more inclined favor Halsey. If they feared being blamed for differences in Client Letters, clearly they would fear testifying to the SEC in any way against their employer and their practices.

In fact, Rynne gave seriously conflicting testimony about the day of the alleged file deletions. In her investigative testimony to the Division (Resp. Exh. # 21), Rynne describes in detail what she witnessed during the file deletions (page 37 line 1- 23). She then goes into detail to discuss how she retrieved documents and gave them to Julian on the same day (IT page 39 line 3). However, Rynne was actually out of the office on vacation that day, which is documented in Halsey's Chronology (Resp. Exh. 17) and confirmed by the testimony of Julian (TR 493:15 – 17). Rynne later testified at the hearing that she only knew about the file deletions through "hearsay" (TR 133:20 -25).

SECTION III

LEGAL ARGUMENT

A. The Division Failed to Establish a Violation of the Federal Securities Laws because it Did Not Prove that Pelosi's Performance Figures Deviated From Industry Standards

Perhaps, the most crucial fact in this case is one never put forward by the Division. The Division has never contended, and the Decision did not find, that Pelosi's performance results were calculated by improper means. All that the Division tried to prove, and all the Decision found, is that the numbers did not match the numbers in Halsey's reports.

But an adviser's obligation is not necessarily to report the performance results that his firm generates but to ensure that the results are accurate. As Pelosi's expert report explained—and this should be undisputed—performance results involve judgment calls and can be calculated in a number of different ways.[41] The Division has proved this very point, by introducing both the TWR and DCF reports in this case. TWR and DCF employ different mathematical methods, and produce different results, in assessing the performance of an investment. These methods produced different results in the very reports in evidence here. No securities law, nor any industry standard, requires one to be used over the other or in preference to any other method for assessing performance. Indeed, the Commission has acknowledged that the appropriate method of calculation will vary as circumstances vary. See In re Clarion Partners Property Trust, 2001 WL 1999926 (Feb. 24, 2012) (in no-action letter, approving proposal that, in the absence of normally-available information "a more accurate valuation of NAV could be obtained by using different assumptions or methodologies" than ordinary valuation method).

The Division never proved or tried to prove that Pelosi's figures were outside the range of performance figures that could have been produced under accepted standards for calculating such figures. And the Decision nowhere finds that this was the case.

In short, performance disparity alone is not a sufficient basis for establishing misrepresentation in this matter. Pelosi has readily admitted that he made changes to address Halsey's internal pricing and reconciliation problems and to address such things as cash flow, preferred pricing or asset combinations in an account. As a result, Pelosi's performance numbers would be different than Halsey's, but unless Pelosi's figures were inaccurate on the basis of the

[41] Resp. Exh. 29.

underlying securities' performance—not just on the TWR and DCF reports' calculations—there has been no misrepresentation.

Both Pelosi and the SEC found significant problems in Halsey's pricing and reconciliation, and these were established in the testimony of Zoldy, Frois, Rynne and Rourke and Resp. Exh. 25, 26 and 27. The Decision gave no weight to the data inaccuracies such as the question marks, N/As and 0s that even now persist in the Halsey database. Halsey's compliance problems, confirmed by the Commission's own Staff, are another reason to question the accuracy of the reports. In light of these questions, the Division should have been required to base its accusations, not on variances from the DCF and TWR reports, but on variances based on a separate calculation of performance results derived from the value of the securities themselves.

B. The Evidence is Inconsistent With Both Willfulness and Recklessness

The evidence in this case simply cannot be reconciled with either an evil state of mind or with wantonness. Obviously, the "mere publication of inaccurate . . . figures . . . without more, does not establish scienter," because "[t]he party must know that it is publishing materially false information, or the party must be severely reckless in publishing such information." SEC v. Seghers, 298 Fed. Appx. 319, 331(5th Cir. 2008) (quoting Lovelace v. Software Spectrum, 78 F.3d 1015, 1020 (5th Cir. 1996).

The context here is important. Pelosi had been an investment manager since 1988 with some of the largest and most prestigious financial institutions in this country and had held roles of great responsibility without a hint of questionable behavior. On joining Halsey, Pelosi discovered a firm with an antiquated monthly manual pricing and reconciliation process; an unusual fixed income/preferred investment strategy; problems in portfolio and performance pricing; no compliance or supervisory policy or procedures; no reviews of correspondence, trading or pricing; no desire to work in collaboration; and no redundancy or controls with respect to important firm functions. Moreover, he received neither written guidance nor formal training on the way portfolio evaluation or client communications were handled at Halsey.

Pelosi's testimony is that he made adjustments to the internal reports at Halsey to ensure that the pricing properly reflected the dividend status, call provisions and liquidity. He made adjustments to particular asset classes through a Deitz calculation and combined mutual funds and common stock into an equity category and taxable and non-taxable bonds into fixed income when it appeared appropriate.

The Decision gave no credit to this testimony, but the Decision's conclusion that Pelosi was acting in bad faith cannot be reconciled with the other facts of the case. Bad faith is inconsistent with Pelosi's character—he is a seasoned professional with strong credentials and a background at top-flight firms, with an immaculate record. And there is no motive—Pelosi did not benefit from the adjustments. His compensation was unrelated to the figures stated in these letters, and it is simply implausible to suggest that fractional differences in percentage returns could have had a beneficial impact on his industry reputation or his standing with clients that would have led to more client business or make him appear to be more skillful in managing his clients' assets than he actually was. This is particularly true because each client letter was accompanied by a detailed portfolio appraisal that included the quantity of securities held in the account, the cost per unit, total value, units held and income for each holding and the entire portfolio, and clients also got their account information from Schwab, both in monthly statements and online.

In short, Pelosi was trying to make his calculations a fairer representation of performance. He admits that he used bad judgment in making such adjustments on his own without discussing or disclosing them with his partners. But his duty under the Advisers Act was and is to ensure that his clients receive accurate information, and that is what he was trying to do.

Although recklessness has also been held to satisfy the scienter requirement, Pelosi's conduct does not reflect reckelessness. Recklessness is "highly unreasonable" conduct that "represents an extreme departure from the standards of ordinary care . . . to the extent that the danger was either known to the defendant or so obvious that the defendant must have been aware of it." Rolf v. Blyth, Eastman Dillon & Co., 570 F. 2d 38, 47 (2d Cir. 1977). This case is nothing like the recklessness cases cited in the Decision, and it is simply difficult to describe Pelosi's conduct as reckless. The theory would have to be that he wantonly made minor adjustments, both upward and downward, to his client letters, without regard for the accuracy of those adjustments. It is not credible that someone would do that, and the Division has not proposed an explanation for this theory of Pelosi's behavior.

C. The Division's Case Fails To Meet Its Burden of Proof

Steadman v. SEC, 450 U.S. 91 (1981), established that "in a disciplinary proceeding before the Commission violations of the antifraud provisions of the securities laws may be established by a preponderance of the evidence." Id. at 95. Steadman, like this matter, involved a violation of the Advisers Act in which the Commission sought to bar the respondent from future association with an investment adviser. The case's influence has been widely felt, because the Court, in determining the proper standard of proof to apply, looked to the legislative history of the Administrative Procedures Act. Consequently, Steadman is both generally relevant to any administrative proceeding, and specifically relevant to this matter.

The Steadman court, in determining Congress's intent with respect to the establishment of a standard of proof, took into consideration both the quality and the quantity of the information necessary for a sanction. "Congress was primarily concerned with the elimination of agency decisionmaking [*sic*] premised on evidence which was of poor quality -- irrelevant, immaterial, unreliable, and nonprobative -- and of insufficient quantity -- less than a preponderance." Id. at 102. To put it simply, there must be enough quality evidence to support a sanction; neither a small amount of good evidence nor a great amount of weak evidence will meet the burden. As the Steadman court observed, "[t]he phrase 'in accordance with. . .substantial evidence' thus requires that a decision be based on a certain quantity of evidence. Petitioner's contention that the phrase 'reliable, probative, and substantial evidence' sets merely a standard of *quality* of evidence is, therefore, unpersuasive" (emphasis in original). Id. at 98.

Here, the Decision has failed to meet both the quantity and the quality standards. The Division's case is based entirely on its analysis of an incomplete collection of 240 Client Letters, as Halsey failed to retain its Client Letters in accordance with Advisor's Act Rule 204-2, the recordkeeping provision. Pelosi's detailed review of the documents that Halsey had provided to the Division in its investigation determined that there were an additional 80 unsigned Client Letters that were not used by the Division in its case and that the performance information in these letters was either consistent with the Halsey numbers or below them. Pelosi also determined that there was strong evidence of approximately 500 Client Letters in total that he had generated during his time at Halsey. Thus, some 50% of all the Client Letters were not considered in this matter.

The Division's own evidence supports this. Div. Exhs. 26 and 30 are spreadsheet chronological listings of the 240 client letters contained in Div. Exhs 17 to 24 that the Division utilized to establish its case in this matter. However, even a cursory review of these exhibits evidences many missing letters as there are significant time gaps in them.

A case using only a portion of the available evidence and one that avoids the use of readily available evidence detrimental to its position is one that is "of insufficient quantity -- less than a preponderance." Id. at 102. The introduction of the missing letters could have altered the Division's conclusions as to Pelosi's alleged pattern of misrepresenting his clients' results. This very scenario -- one in which consideration of a limited amount of evidence results in distorted facts and false conclusions -- is one that the preponderance standard was intended to prevent.

The evidence that the Division has provided is also of insufficient quality. Halsey's internal pricing and reconciliation problems resulted in data errors, pricing inaccuracies, cash flow errors and other problems in their accounts. The data errors are significant as they result, in part, from Halsey's failure to properly maintain and retain required documents. The Advent system used by Halsey was designed to develop certain performance figures and to create various reports of these. It was not a recordkeeping system. The significance of this is that any report, such as a TWR and DCF report, created in Advent would only be retained in its current form. As a result, Halsey did not maintain any historical reports of its client's accounts. It is then impossible to make any historical analysis of these accounts or their reports and/or to compare them to the results in Pelosi's Client Letters.

Further, for virtually the entire period that Pelosi was at Halsey, the entry of pricing into the Advent system was done manually, and any error in this could result in a 0 or a N/A being entered in a report. While the Decision found little merit in the these data inaccuracies reported in Halsey documents years after they were supposedly corrected, this is fundamental evidence of a quality failure in the Division's evidence. Thus, the Division cannot meet its burden of proof in this case.

CONCLUSION

For the foregoing reasons, the Commission should vacate the bar sanction in the Initial Decision and impose a lesser sanction on Pelosi.

Respectfully submitted,

McCARTER & ENGLISH, LLP

By: John R. Hewitt /jo
JOHN R. HEWITT
A Member of the Firm

Date: May 25, 2012

ADDENDUM A

Addendum A

Dietz Calculations

Column B of Respondents Exhibit 4 references at least 11 specific Dietz calculations that are noted below.

Row	Client Name	Period Ending
50	Burrows Tr.	11/30/07
87	R. Kovacs	7/31/07
388	Davenport	12/31/06
480	Belowsky	1/31/07
514	Lonergan	7/31/06
538	Morganti	7/31/07
1057	Bosco	5/31/06
1063	Bosco	11/30/07
1085	Florian	5/31/06
1097	Florian	5/31/08
1162	P. Largay	9/30/06

ADDENDUM B

ADDENDUM B

Letters Omitted by the Division and Unsigned Letters Included by Division

Examples of Division's Omissions of Pelosi's Client Letters Understating Client Results.

Pelosi's letter referring to the Cly-Del pension plan for the year ending 12/31/07 quoted a return of 7%. The recently produced TWR report for the corresponding period reflected a return of 7.3%. The recently generated DCF report for the corresponding period was 7.3%

Pelosi's letter referring to Burrows Trust for the year ending 5/31/08 quoted a return of 4.5%. The recently produced DCF report for the corresponding period reflected a return of 5.1%

Pelosi's letter referring to Paul Kovacs for the quarter ending 4/30/08 quoted a return of 5.3%. The recently produced TWR report for the corresponding period reflected a return of 6.1%. The recently generated DCF report for the corresponding period was 6.1%

Pelosi's letter referring to McAllister for the year ending 2/29/08 quoted a return of 2.7%. The recently produced DCF report for the corresponding period reflected a return of 3.1%

Pelosi's letter referring to Roger Roby for the period quarter 4/31/07 quoted a return of 3.1. The recently produced TWR report for the corresponding period reflected a return of 3.3%. The recently generated DCF report for the corresponding period was 3.3%

Pelosi's letter referring to Joyce Shickler for the quarter ending 12/31/06 quoted a return of 1.1. The recently produced TWR report for the corresponding period reflected a return of 1.3%. The recently generated DCF report for the corresponding period was 1.3%

Pelosi's letter referring to Joyce Shickler for the year ending 3/31/08 quoted a return of 3%. The recently produced TWR report for the corresponding period reflected a return of 3.1%

Pelosi's letter referring to Shickler Trust 2 for the quarter ending 12/31/06 quoted a return of 0.8%. The recently produced TWR report for the corresponding period reflected a return of 1.0%. The recently generated DCF report for the corresponding period was 1.0%

Pelosi's letter referring to Shickler Trust 2 for the year ending 3/31/08 quoted a return of 6.4%. The recently produced TWR report for the corresponding period reflected a return of 9.7%

Pelosi's letter referring to Antoinette and Robert Lenkowski for the year ending 4/30/08 quoted a return of 1.0%. The recently produced DCF report for the corresponding period reflected a return of 1.6%

Pelosi's letter referring to Robert Lenkowski IRA for the quarter ending 4/30/08 quoted a return of 0.5. The recently produced TWR report for the corresponding period reflected a return of 2.1%.The recently generated DCF report for the corresponding period was 2.1%

Pelosi's letter referring to Robert Lenkowski IRA for the year ending 4/30/08 quoted a return of -3.5%. The recently produced TWR report for the corresponding period reflected a return of -2.0%.The recently generated DCF report for the corresponding period was -1.8%

Pelosi's letter referring to Susan Largay for the quarter ending 4/30/08 quoted a return of 3.7. The recently produced DCF report for the corresponding period reflected a return of 4.6%

Pelosi's letter referring to David Davenport for the year ending 3/31/07 quoted a return of 10.2%. The recently produced DCF report for the corresponding period reflected a return of 10.3%

Pelosi's letter referring to Elizabeth Lenkowski IRAfor the year ending 4/30/08 quoted a return of 2.7%. The recently produced DCF report for the corresponding period reflected a return of 3.1%

Examples of Division's Omissions of Pelosi's Client Letters which contained no differences.

Pelosi's letter referring to Burrows Trust for the year ending 5/31/08 quoted return of 4.5%. The recently produced TWR report for the corresponding period reflected a return of 4.5%.

Pelosi's letter referring to McAllister for the year ending 2/29/08 quoted a return of 2.7%. The recently produced TWR report for the corresponding period reflected a return of 2.7%

Pelosi's letter referring to Antoinette and Robert Lenkowski for the year ending 4/30/08 quoted a return of 1.0%. The recently produced TWR report for the corresponding period reflected a return of 1.0%

Pelosi's letter referring to Antoinette and Robert Lenkowski for the quarter ending 4/30/08 quoted a return of 1.9%. The recently produced TWR report for the corresponding period reflected a return of 1.9%

Pelosi's letter referring to Susan Largay for the quarter ending 4/30/08 quoted a return of 8.6. The recently produced DCF report for the corresponding period reflected a return of 8.6%

Pelosi's letter referring to the Cly-Del pension plan for the quarter ending12/31/06 quoted a return of 3.8%. The recently produced TWR report for the corresponding period reflected a return of 3.8%. The recently generated DCF report for the corresponding period was 3.8%

Pelosi's letter referring to the Burrows Trust for the quarter ending 5/31/07 quoted a return of 3.5%. The recently produced TWR report for the corresponding period reflected a return of 3.5%. The recently generated DCF report for the corresponding period was 3.5%

Pelosi's letter referring to Kofkoff/Fortin Managment for the quarter ending 12/31/07 quoted a return of -2.7%. The recently produced TWR report for the corresponding period reflected a return of -2.7%. The recently generated DCF report for the corresponding period was -2.7%.

Pelosi's letter referring to Robert Kovacs for the quarter ending 7/31/06 quoted a return of 1.0%. The recently produced TWR report for the corresponding period reflected a return of1.0%. The recently generated DCF report for the corresponding period was 1.0%.

Pelosi's letter referring to Robert Kovacs for the quarter ending 4/30/06 quoted a return of 1.1%. The recently produced TWR report for the corresponding period reflected a return of1.1%. The recently generated DCF report for the corresponding period was 1.1%.

Pelosi's letter referring Christopher Hughs for the quarter ending 11/30/06 quoted a return of 6.0%. The recently produced TWR report for the corresponding period reflected a return of6.0%. The recently generated DCF report for the corresponding period was 6.0%.

Pelosi's letter referring to the Camp Estate for the quarter ending 4/30/07 quoted a return of 3.1%. The recently produced TWR report for the corresponding period reflected a return of3.1%. The recently generated DCF report for the corresponding period was 3.1%.

Pelosi's letter referring to David Davenport for the quarter ending 3/31/07 quoted a return of 3.1%. The recently produced TWR report for the corresponding period reflected a return of3.1%. The recently generated DCF report for the corresponding period was 3.1%.

Pelosi's letter referring to Dexter Davenport for the quarter ending 6/30/08 quoted a return of 2.0%. The recently produced TWR report for the corresponding period reflected a return of2.0%. The recently generated DCF report for the corresponding period was 2.0%.

Pelosi's letter referring to Dexter Davenport for the year ending 6/30/08 quoted a return of 5.1%. The recently produced TWR report for the corresponding period reflected a return of5.1%.

Pelosi's letter referring to the New Haven Parks for the year ending 3/31/06 quoted a return of 15.1%. The recently produced TWR report for the corresponding period reflected a return of15.1%. The recently generated DCF report for the corresponding period was 15.1%.

Pelosi's letter referring to Jane Curran fbo William Curran for the quarter ending 9/30/07 quoted a return of 2.4%. The recently produced TWR report for the corresponding period reflected a return of2.4%. The recently generated DCF report for the corresponding period was 2.4%.

Pelosi's letter referring to Jane Curran fbo William Curran for the year ending 9/30/07 quoted a return of 15.8%. The recently produced DCF report for the corresponding period reflected a return of15.8%.

Pelosi's letter referring to Joyce Shickler for the quarter ending 3/31/08 quoted a return of 1.5%. The recently produced TWR report for the corresponding period reflected a return of1.5%. The recently generated DCF report for the corresponding period was 1.5%.
Pelosi's letter referring to Joyce Shickler IRA for the quarter ending 12/31/06 quoted a return of 1.5%. The recently produced TWR report for the corresponding period reflected a return of1.5%. The recently generated DCF report for the corresponding period was 1.5%.

Pelosi's letter referring to Antoinette Lenkowski IRA for the quarter ending 4/30/08 quoted a return of -2.7%. The recently produced TWR report for the corresponding period reflected a return of -2.7%. The recently generated DCF report for the corresponding period was -2.7%.

Pelosi's letter referring to Antoinette Lenkowski IRA for the year ending 4/30/08 quoted a return of-2.2%. The recently produced TWR report for the corresponding period reflected a return of-2.2%. The recently generated DCF report for the corresponding period was -2.2%.

Pelosi's letter referring to Robert Lenkowski IRA for the quarter ending 4/30/08 quoted a return of 0.7%. The recently produced TWR report for the corresponding period reflected a return of 0.7%. The recently generated DCF report for the corresponding period was 0.7%.

Pelosi's letter referring to Robert Lenkowski IRA for the year ending 4/30/08 quoted a return of 3.4%. The recently produced TWR report for the corresponding period reflected a return of 3.4%. The recently generated DCF report for the corresponding period was3.4%.

Pelosi's letter referring to Elizabeth Lenkowski for the quarter ending 4/30/08 quoted a return of 3.7%. The recently produced TWR report for the corresponding period reflected a return of 3.7%.

Pelosi's letter referring to Elizabeth Lenkowski for the year ending 4/30/08 quoted a return of -1.0%. The recently produced TWR report for the corresponding period reflected a return of -1.0%.

Pelosi's letter referring to Elizabeth Lenkowski IRA for the quarter ending 4/30/08 quoted a return of 2.8%. The recently produced TWR report for the corresponding period reflected a return of 2.8%.

Pelosi's letter referring to Elizabeth Lenkowski IRAfor the year ending 4/30/08 quoted a return of 2.7%. The recently produced TWR report for the corresponding period reflected a return of 2.7%.

Pelosi's letter referring to Michael Lenkowski IRA for the quarter ending 4/30/08 quoted a return of 3.9%. The recently produced TWR report for the corresponding period reflected a return of 3.9%. The recently generated DCF report for the corresponding period was 3.9%.

Pelosi's letter referring to Michael Lenkowski IRA for the year ending 4/30/08 quoted a return of 4.4%. The recently produced TWR report for the corresponding period reflected a return of 4.4%. The recently generated DCF report for the corresponding period was 4.4%.

Pelosi's letter referring to Michael Lenkowski for the quarter ending 4/30/08 quoted a return of 3.9%. The recently produced TWR report for the corresponding period reflected a return of 3.9%.

Pelosi's letter referring to Michael Lenkowski for the year ending 4/30/08 quoted a return of 1.2%. The recently produced TWR report for the corresponding period reflected a return of 1.2%. The recently generated DCF report for the corresponding period was 1.2%.

Pelosi's letter referring to Robert Bosco for the quarter ending 5/31/08 quoted a return of 4.5%. The recently produced TWR report for the corresponding period reflected a return of 4.5%. The recently generated DCF report for the corresponding period was 4.5%.

Pelosi's letter referring to Florence Bosco for the period ending 4/26/06 quoted a return of 9.5%. The recently produced TWR report for the corresponding period reflected a return of 9.5%.

Pelosi's letter referring to Brian Davis for the quarter ending 1/31/07 quoted a return of 0.9%. The recently produced TWR report for the corresponding period reflected a return of 0.9%.

Pelosi's letter referring to Brian Davis IRA for the quarter ending 6/30/08 quoted a return of 2.2%. The recently produced TWR report for the corresponding period reflected a return of 2.2%. The recently generated DCF report for the corresponding period was 2.2%.

Pelosi's letter referring to Brian Davis IRA for the year ending 6/30/08 quoted a return of 0.7%. The recently produced TWR report for the corresponding period reflected a return of 0.7%. The recently generated DCF report for the corresponding period was 0.7%.

Pelosi's letter referring to Naugatuck Valley Surgical for the quarter ending 5/31/08 quoted a return of 1.2%. The recently produced TWR report for the corresponding period reflected a return of 1.2%. The recently generated DCF report for the corresponding period was 1.2%.

Unsigned Letters Included in the Division's Analysis

Pelosi's letter presumably referring to Woodbury Cemetery (letter is not addressed, not dated and unsigned) for the quarter ending 3/27/07 quoted a return of 1.1%. The recently produced TWR report for the corresponding period reflected a return of 1.0%. The recently generated DCF report for the corresponding period was 1.0 % (Bates # 004605)

Pelosi's letter presumably referring to Woodbury Cemetery (letter is not addressed, not dated and unsigned) for the year ending 3/27/07 quoted a return of 10.1%. The recently produced TWR report for the corresponding period reflected a return of 9.2%. The recently generated DCF report for the corresponding period was 9.2 % (Bates # 004605)

Pelosi's letter referring to Paul Kovacs for the quarter ending 10/31/07 (letter is missing second page that would have portfolio information and the signature) quoted a return of6.3 %. The recently produced TWR report for the corresponding period reflected a return of 6.2%. The recently generated DCF report for the corresponding period was 6.2 % (Bates # 004616)

Pelosi's letter referring to Robert Bosco for the quarter ending 11/30/07 quoted a return of 2.4%. The recently produced TWR report for the corresponding period reflected a return of 2.2%.The recently produced DCF report for the corresponding period reflected a return of 2.3% (Bates # 004537 &004538)

Pelosi's letter referring to Robert Bosco for the year ending 11/30/07 quoted a return of 7.6%. The recently produced TWR report for the corresponding period reflected a return of 6.8 %. The recently generated DCF report for the corresponding period was 6.7% (Bates # 004537 &004538)

Pelosi's letter referring to Orton Camp Jr (addressed to Neiderman) for the quarter ending 1/31/07 quoted a return of 5.3%. The recently produced TWR report for the corresponding period reflected a return of 5.1%.The recently produced DCF report for the corresponding period reflected a return of 5.2 %. (Bates # 000148)

Pelosi's letter referring to Orton Camp Jr for the year ending 1/31/07 quoted a return of 13.2%. The recently produced TWR report for the corresponding period reflected a return of13%.The recently produced DCF report for the corresponding period reflected a return of 12.8 %. (Bates # 000148) *This data was entered twice because there were 2 recipients for the same results (see below); Division double counted)*

Pelosi's letter referring to Orton Camp Jr (addressed to Roger Roby) for the quarter ending 1/31/07 quoted a return of %. The recently produced DCF report for the corresponding period reflected a return of %. (Bates # 000149) *This data was entered twice because there were 2 recipients for the same results (see above; Division double counted)*

Pelosi's letter referring to New Haven Board of Parks for the quarter ending 4/30/08 quoted a return of 2.1%. The recently produced TWR report for the corresponding period reflected a return of 1.8%. The recently generated DCF report for the corresponding period was 1.8% (Bates # 000172 &000173)

Pelosi's letter referring to New Haven Board of Parks for the year ending 4/30/08 quoted a return of 2.5%. The recently produced TWR report for the corresponding period reflected a return of 1.0%. The recently generated DCF report for the corresponding period was 1.0% (Bates #000172 &000173)

Pelosi's letter referring to Woodbury Cemetery for the quarter ending 4/30/08 quoted a return of 2.3%. The recently produced TWR report for the corresponding period reflected a return of 1.3 %. The recently generated DCF report for the corresponding period was 1.3 % (Bates # 000176)

Pelosi's letter referring to Woodbury Cemetery for the year ending 4/30/08 quoted a return of 1.5%.. The recently produced TWR report for the corresponding period reflected a return of -0.3%. The recently generated DCF report for the corresponding period was -0.3%(Bates # 000176)

Pelosi's letter referring to Roger Roby for the quarter ending 4/30/08 quoted a return of1.9 %. The recently produced TWR report for the corresponding period reflected a return of1.9 %. The recently produced DCF report for the corresponding period reflected a return of1.9 % (Bates # 000156 &000157)

Pelosi's letter referring to Roger Roby for the year ending 4/30/08 quoted a return of2.5%. The recently produced TWR report for the corresponding period reflected a return of 2.2%. The recently produced DCF report for the corresponding period reflected a return of 2.2 % (Bates # 000156 &000157)

Pelosi's letter referring to Lisa & William Panzini for the quarter ending 4/30/08 quoted a return of 3.0%. The recently produced TWR report for the corresponding period reflected a return of 3.0%. The recently generated DCF report for the corresponding period was 3.0 % (Bates # 000169, 000170, 000171)

Pelosi's letter referring to Lisa & William Panzini for the year ending 4/30/08 quoted a return of3.9 %. The recently produced TWR report for the corresponding period reflected a return of 3.1%. The recently generated DCF report for the corresponding period was 2.5% (Bates # 000169, 000170, 000171)

Pelosi's letter referring to Lisa Panzini PSP for the quarter ending 4/30/08 quoted a return of2.3 %. The recently produced TWR report for the corresponding period reflected a return of 1.2%. The recently generated DCF report for the corresponding period was 1.2% (Bates # 000169, 000170, 000171)

Pelosi's letter referring to Lisa Panzini PSP for the year ending 4/30/08 quoted a return of2.5 %. The recently produced TWR report for the corresponding period reflected a return of 1.8%. The recently generated DCF report for the corresponding period was 1.8% (Bates # 000169, 000170, 000171)

Pelosi's letter referring to Westco for the quarter ending 3/31/08 quoted a return of 9.3%. The recently produced TWR report for the corresponding period reflected a return of 8.3%. The recently produced TWR report for the corresponding period reflected a return of 8.3 % (Bates # 004440, 004441, 004442)

Pelosi's letter referring to Joe & Regina Platano for the quarter ending 3/31/08 quoted a return of3.0%. The recently produced TWR report for the corresponding period reflected a return of 2.7%.The recently produced DCF report for the corresponding period reflected a return of 2.7 % (Bates # 004440, 004441, 004442)

Pelosi's letter referring to Joe Platano Roth IRA for the quarter ending 3/31/08 quoted a return of-3.3%. The recently produced TWR report for the corresponding period reflected a return of -5.3%. The recently produced DCF report for the corresponding period reflected a return of-5.3 % (Bates # 004440, 004441, 004442)

Pelosi's letter referring to Regina Platano IRA for the quarter ending 3/31/08 quoted a return of13.8%. The recently produced TWR report for the corresponding period reflected a return of 14.8%. The recently produced DCF report for the corresponding period reflected a return of 13.8%. (Bates # 004440, 004441, 004442)

Pelosi's letter referring to Regina Platano Roth IRA for the quarter ending 3/31/08 quoted a return of -6%. The recently produced TWR report for the corresponding period reflected a return of -7.0%. The recently produced DCF report for the corresponding period reflected a return of -7.0%(Bates # 004440, 004441, 004442)

Pelosi's letter referring to Sandra Longergan for the quarter ending 4/30/08 quoted a return of 2.3%. The recently produced TWR report for the corresponding period reflected a return of 1.0%. The recently produced DCF report for the corresponding period reflected a return of 1.0% (Bates # 000163 & 000164)

Pelosi's letter referring to Sandra Longergan for the year ending 4/30/08 quoted a return of 3.5 %. The recently produced TWR report for the corresponding period reflected a return of 1.5%. The recently produced DCF report for the corresponding period reflected a return of1.8% (Bates # 000163 & 000164)

Pelosi's letter referring to Sandra Lonergan IRA for the quarter ending 4/30/08 quoted a return of 2.1%. The recently produced TWR report for the corresponding period reflected a return of 1.6%. The recently produced DCF report for the corresponding period reflected a return of 1.6% (Bates # 000163 & 000164)

Pelosi's letter referring to Sandra Lonergan IRA for the year ending 4/30/08 quoted a return of 3.9%. The recently produced TWR report for the corresponding period reflected a return of 2.6%. The recently produced DCF report for the corresponding period reflected a return of 2.6% (Bates # 000163 & 000164)

Pelosi's letter referring to Emily Sappington for the quarter ending 5/31/08 quoted a return of 6.8%. The recently produced TWR report for the corresponding period reflected a return of 7.0%. The recently produced DCF report for the corresponding period reflected a return of 7.0% (Bates # 000163 & 000164)

Pelosi's letter referring to Elizabeth Sappington for the quarter ending 5/31/08 quoted a return of6.1%. The recently produced TWR report for the corresponding period reflected a return of 6.1%. The recently produced DCF report for the corresponding period reflected a return of 6.1% (Bates # 000163 & 000164)

Pelosi's letter referring to Dr. and Mrs. Sappington reported results on a consolidated basis (portfolios had recently been broken down into two separate portfolios but results were still reported on a consolidated basis) for the quarter ending 5/31/08 quoted a return of 5.6%. The Division compared this return to Susan Sappington and Dr. Sappington's individual account returns for both the quarter and the year. These are faulty comparisons because Pelosi reported both portfolios combined as if they were one. This resulted in 4 faulty comparisons used by the Division. (Bates # 000163 & 000164)

Pelosi's letter referring to Warren Burrows for the quarter ending 5/31/08 quoted a return of 3.4%. The recently produced TWR report for the corresponding period reflected a return of 2.5%.The recently generated DCF report for the corresponding period was 2.4% (Bates # 000129)

Pelosi's letter referring to Warren Burrows for the year ending 5/31/08 quoted a return of 4.5%. The recently produced TWR report for the corresponding period reflected a return of 4.5%.The recently generated DCF report for the corresponding period was 5.1% (Bates # 000129)

Pelosi's letter referring to Ann Elizabeth Largay Jennings Trust for the quarter ending 5/31/08 quoted a return of 5.8%. The recently produced TWR report for the corresponding period reflected a return of-5.7%.The recently generated DCF report for the corresponding period was 5.7% (Bates # 000162)

Pelosi's letter referring to Ann Elizabeth Largay Jennings Trust for the year ending 5/31/08 quoted a return of2.7%. The recently produced TWR report for the corresponding period reflected a return of -2.6%.The recently generated DCF report for the corresponding period was 2.6% (Bates # 000162)

Pelosi's letter referring to Tom Van Lenten for the quarter ending 5/31/08 quoted a return of 5%. The recently produced TWR report for the corresponding period reflected a return of 4.3%. The recently produced DCF report for the corresponding period reflected a return of 4.3% (Bates # 000145 & 000146)

Pelosi's letter referring to Tom Van Lenten for the year ending 5/31/08 quoted a return of 1.1%. The recently produced TWR report for the corresponding period reflected a return of -2.4%. The recently produced DCF report for the corresponding period reflected a return of -2.5%% (Bates # 000145 & 000146)

Pelosi's letter referring to Bill McAllister for the quarter ending 5/31/08 quoted a return of 3.6%. The recently produced TWR report for the corresponding period reflected a return of2.2 %. The recently generated DCF report for the corresponding period was 2.2% (Bates #600141)

Pelosi's letter referring to Bill McAllister for the year ending 5/31/08 quoted a return of -5.8%%. The recently produced TWR report for the corresponding period reflected a return of -6.3%. The recently generated DCF report for the corresponding period was -6.4% (Bates #600141)

Pelosi's letter referring to the Lou Scianna for the quarter ending 5/31/08 quoted a return of4.7 %. The recently produced TWR report for the corresponding period reflected a return of 4.6%. The recently generated DCF report for the corresponding period was 4.6 % (Bates # 000174 n& 000175)

Pelosi's letter referring to the Scianna CRUT for the quarter ending 5/31/08 quoted a return of 6.3%. The recently produced TWR report for the corresponding period reflected a return of 6.2%. The recently generated DCF report for the corresponding period was 6.2% (Bates # 000174 n& 000175)

Pelosi's letter referring to David Davenport for the quarter ending 6/30/08 quoted a return of 4.1%. The recently produced TWR report for the corresponding period reflected a return of 4.2%. The recently generated DCF report for the corresponding period was 4.5% (Bates # 000152).

Pelosi's letter referring to David Davenport for the year ending 6/30/08 quoted a return of 8.4%. The recently produced TWR report for the corresponding period reflected a return of 8.5%. The recently generated DCF report for the corresponding period was 8.7 % (Bates # 000152).

Pelosi's letter referring to CT Hypodermics for the quarter ending 6/30/08 quoted a return of 1.3%. The recently generated TWR report for the corresponding period was 0.9%. The recently generated DCF report for the corresponding period was 1.0%.(Bates # 000150 & 000151)

Pelosi's letter referring to Kofkoff Fortin Management and addressed to Joe Fortin for the quarter ending 6/30/08 quoted a return of 1.5%. The recently produced TWR report for the corresponding period reflected a return of 1.2%. The recently generated DCF report for the corresponding period was 1.2%. (Bates # 000133 & 000134) *This data was entered twice because there were 2 recipients for the same results (see above; Division double counted)*

Pelosi's letter referring to Kofkoff Fortin Management and addressed to Robert Fofkoff for the quarter ending 6/30/08 quoted a return of 1.5%. The recently produced TWR report for the corresponding period reflected a return of 1.2%. The recently generated DCF report for the corresponding period was 1.2%.(Bates # 000131 & 000132) *This data was entered twice because there were 2 recipients for the same results (see above; Division double counted)*

Pelosi's letter referring to Mory's Endowment Fund for the quarter ending 6/30/08 quoted a return of 3.5%. The recently produced TWR report for the corresponding period reflected a return of 3.5%. The recently generated DCF report for the corresponding period was 3.5%. (Bates # 000167).

Pelosi's letter referring to Mory's Endowment Fund for the year ending 6/30/09 quoted a return of 0.5%. The recently produced TWR report for the corresponding period reflected a return of 0.5%. The recently generated DCF report for the corresponding period was 0.1%. (Bates # 000167).

Pelosi's letter referring to Evan & Lisa Levy for the period ending 6/30/08 quoted a return of 0.5%. The recently produced TWR report for the corresponding period reflected a return of -0.1%. The recently generated DCF report for the corresponding period was -0.1% (Bates # 000139 & 000140).

Pelosi's letter referring to Evan Levy IRA for the period ending 6/30/08 quoted a return of 0.3%. The recently produced TWR report for the corresponding period reflected a return of 0.1%. The recently generated DCF report for the corresponding period was 0.1% (Bates # 000139 & 000140).

Pelosi's letter referring to Lisa Levy IRA for the period ending 6/30/08 quoted a return of 0.0%. The recently produced TWR report for the corresponding period reflected a return of -0.1%. The recently generated DCF report for the corresponding period was -0.1% (Bates # 000139 & 000140).

Pelosi's letter referring to Ann Margaret Scott for the quarter ending 6/30/08 quoted a return of 0.8%. The recently produced TWR report for the corresponding period reflected a return of 0.8%. The recently generated DCF report for the corresponding period was 0.8%. (Bates # 000142)

Pelosi's letter referring to Ann Margaret Scott for the year ending 6/30/08 quoted a return of 2.1%. The recently produced TWR report for the corresponding period reflected a return of 1.9%. The recently generated DCF report for the corresponding period was 2.0%.(Bates # 000142)

Pelosi's letter referring to Cly-Del Manufacturing for the quarter ending 6/30/08 quoted a return of 0.4%. The recently produced TWR report for the corresponding period reflected a return of 0.1%. The recently generated DCF report for the corresponding period was 0.1 %.(Bates # 000125 & 000126)

Pelosi's letter referring to Cly-Del Manufacturing for the year ending 6/30/08 quoted a return of -1.4%. The recently produced TWR report for the corresponding period reflected a return of -2.4%. The recently generated DCF report for the corresponding period was -2.4%.(Bates # 000125 & 000126

Pelosi's letter referring to Jane Curran Estate for the quarter ending 6/30/08 quoted a return of -2.1%. The recently produced TWR report for the corresponding period reflected a return of -2.8%. The recently generated DCF report for the corresponding period was -2.8%. (Bates # 000121 & 000122)

Pelosi's letter referring to Jane Curran Estate for the year ending 6/30/08 quoted a return of -3.2%. The recently produced TWR report for the corresponding period reflected a return of -5.2%. The recently generated DCF report for the corresponding period was -5.1%. (Bates # 000121 & 000122)

Pelosi's letter referring to Dr. George for the quarter ending 7/31/08 quoted a return of -3.2%. The recently produced TWR report for the corresponding period reflected a return of -5.2%. The recently generated DCF report for the corresponding period was -5.2 % (Bates # 000171 & 000172).

Pelosi's letter referring to Dr. George for the year ending 7/31/08 quoted a return of -1.0%. The recently produced TWR report for the corresponding period reflected a return of -1.4%. The recently generated DCF report for the corresponding period was -1.4% (Bates # 000171 & 000172).

Pelosi's letter referring to Paul Kovacs for the quarter ending 7/31/08 quoted a return of -5.2%. The recently produced TWR report for the corresponding period reflected a return of -7.0%. The recently generated DCF report for the corresponding period was -7.0%. (Bates # 000137 & 000138)

Pelosi's letter referring to Paul Kovacs for the year ending 7/31/08 quoted a return of -3.0%. The recently produced TWR report for the corresponding period reflected a return of -5.0%. The recently generated DCF report for the corresponding period was -4.8%. (Bates # 000137 & 000138)

Pelosi's letter referring to Robert Kovacs for the quarter ending 7/31/08 quoted a return of -2.0%. The recently produced TWR report for the corresponding period reflected a return of-2.6%. The recently generated DCF report for the corresponding period was -2.7 %. (Bates # 000135 & 000136)

Pelosi's letter referring to Robert Kovacs for the year ending 7/31/08 quoted a return of -2.1%. The recently produced TWR report for the corresponding period reflected a return of -2.6%. The recently generated DCF report for the corresponding period was -2.7%. (Bates # 000135 & 000136)

Pelosi's letter referring to Belton Allyn Burrows, Jr for the quarter ending 7/31/08 quoted a return of -2.4% . The recently produced TWR report for the corresponding period reflected a return of -3.4%. The recently generated DCF report for the corresponding period was -3.4%. (Bates # 000127 & 000128)

Pelosi's letter referring to Belton Allyn Burrows, Jr for the year ending 7/31/08 quoted a return of -2.1%. The recently produced TWR report for the corresponding period reflected a return of -3.1%. The recently generated DCF report for the corresponding period was -3.0%.(Bates # 000127 & 000128)

Pelosi's letter referring to Morganti Trust for the quarter ending 7/31/08 quoted a return of -1.5%. The recently produced TWR report for the corresponding period reflected a return of -2.5%. The recently generated DCF report for the corresponding period was-2.6 %. (Bates # 000165 & 000166)

Pelosi's letter referring to Morganti Trust for the year ending 7/31/08 quoted a return of 0.5%. The recently produced TWR report for the corresponding period reflected a return of -0.5%. The recently generated DCF report for the corresponding period was -0.7%. (Bates # 000165 & 000166)

ADDENDUM C

Addendum C

Compilation of Various Performance Issues and Problems Listed in Resp. Exh. 4

Row	Client Name	Period Ending	Issue
6	Cly-Del	12/31/06 3/31/07 6/30/07	Pelosi letters quote 10/31/06 as start date. Halsey ran advent reports for this production with a 9/30/06 start date, but 00 market value on 9/30/06 (per custodian and DCF reports – bates EO7836, EO7872). Custodian indicates assets transferred 10/18/06.
61	Kofkof/Fortin	12/31/05	Beginning & ending market value provided in letter = 3.3% return (2 mos). Missing all 10/31/05 Schwab statements, so cannot confirm beginning balance quoted in letter, but that balance is <u>less than</u> beginning market value on Halsey DCF.
65	Kofkof/Fortin	6/30/06	Beginning & ending market value provided in letter. % change calculation = 4.3% compared to 4.2% DCF and 4.1% TWR.
80	Robert Kovacs	7/31/2006	Advent market value on DCF ($1,104,832) at variance with Schwab ($1,105,281).
83	Robert Kovacs	1/31/2007	Pelosi letter: "since portfolio was funded near end of June". But Halsey ran Advent reports with wrong start date of 5/31/06 in this production. $00 market value on 5/31/06 per Schwab. Wired funds received on 6/23/06 per Schwab.
86	Robert Kovacs	4/30/07	4/30/07 Market Value on current Advent DCF report ($1,082,161) at variance with Market Value on Schwab ($1,081,868).
87	Robert Kovacs	7/31/07	Wired funds rec'd on 6/23/06 = $1,100,000. While I was quoting a 12 month period ending 7/31/07, it was logical to include the results since inception since it was so close to the period under review. Dietz calculation on a beginning balance of 1.1mm = 9%, which is the return quoted in the letter. Also, TWR for the one month ended 7/31/06 = 1% plus the 12 month TWR return ending 7/31/07 of 7.7% = 8.7%. 7/31/07 market value on DCF ($1,077,811) at variance with Schwab ($1,076,035).
103	Paul Kovacs	1/31/07	Pelosi letter: "since port was funded near end of June". But Halsey ran Advent reports with wrong start date of 5/31/06 in this production. $00 market value on 5/31/06 per Schwab. Wired funds rec. on 6/23/06 per Schwab.

115	Evan & Lisa Levy	All	Missing Schwab statements for all periods, cannot verify results (because cannot verify market values).
130	Evan Roth IRA	All	Missing Schwab statements for all periods, cannot verify results (because cannot verify market values).
142	Lisa Roth IRA	All	Missing Schwab statements for all periods, cannot verify results (because cannot verify market values).
174	Margaret Scott	All	Missing Schwab statements for all periods, cannot verify results (because cannot verify market values).
175	Margaret Scott	9/30/07	.00 MV on 6/30/07 per DCF. Halsey ran Advent reports for this production using wrong start date. Advent performance reports indicate .00 mv on 6/30/07. At time that Pelosi was preparing the letter, Halsey ran reports as of the month-end following the initial funding.
325	Camp Estate	7/31/06	letter copied text from Drubner letter but failed to adjust returns. Letter quoted 8.8% annual result (vs. 4.5% on current Advent report).
347	Ct Hypodermics	9/30/05 12/31/05 3/31/06	Account didn't exist until 10/05, yet Haley producing reports for several time periods that reflect a 9/30/05 start date.

357	Ct. Hypodermics	12/31/07	Draft has wrong date, but believe it refers to 12/31/07. Cly-Del letter for the period ending 12/31/07 used as a template to produce this CT Hypodermics letter of the same period. However, results in CT Hypodermics performance table not completely updated from Cly-Del table. Text and table are nearly identical. CT Hypo letter closes with reference to Jim Zoldy. Jim is not involved in this account. He is, however, involved in Cly-Del. His inclusion in CT Hypodermics letter is verification that the Cly-Del letter was created first and that this letter was copied from it.
384	Dexter Davenport	6/30/06 9/30/06 12/31/06	Only pages 1, 4, & 6 of 7 pages of the 4/30/06 custodian statement provided. Cannot verify transfer amounts. 4/30/06 market value on DCF at variance with custodian market value. 12/31/06 market value on DCF at variance with custodian market value. Cannot determine fees paid from custodian statements in order to calculate gross return (which is what Halsey reported).
388	Dexter Davenport	12/31/06	Beg & ending accrued income on DCF at variance with custodian. Only pages 1, 4, & 6 of 7 pages of the 4/30/06 custodian statement provided. Cannot verify transfer amounts. 4/30/06 market value on DCF at variance with custodian market value. 12/31/06 market value on DCF at variance with custodian market value. Cannot determine fees paid from custodian statements in order to calculate gross return. Dietz calculation with information available = 5.9%.
389	Dexter Davenport	3/31/2007	Pelosi letter 12 mos ending; TRW & DCF 11 mos ending
398	Drubner	7/31/05 10/31/05 7/31/06	Several Advent reports run for this production with 6/30/05 start date. Acct. not funded at Schwab until mid-July 2005. Practice was to start performance with month end following funding.
415	Drubner	4/30/08	Unsigned draft letter for period ending 4/30/08 was created using Burrows Jr letter of the same period as a template but didn't update all results in table.
421	Roby	8/31/06	Market Value on original Advent Account Summary at variance with Market Value on recently produced Advent DCF.
433	Scianna	3/31/06 5/31/06	Several Advent reports are run with a 6/30/05 start date, and show a market value balance. Yet acct funded 50% in 10/05 and 50% in 1/06.

478	Belowsky	7/31/06	Missing Schwab statements for 9/30/05. Cannot verify market values, etc.
480	Belowsky	1/31/07	Result quoted was actually 1/1/06 - 1/31/07, not 1/31/06- See Dietz reconciliations
492	Lonergan-personal acct.	10/31/05 4/30/06	Error on Advent: "?" in performance fields.
503	Lonergan-personal acct.	4/30/08	Unsigned draft letter for period ending 4/30/08 was created using Burrows Jr letter of the same period as a template but didn't update all results in table.
514	Lonergan IRA	7/31/06	Initial funding occurred May- July 2005. Dietz calculation = 4.5% on initial funding balance.
515	Lonergan IRA	10/31/06	Missing 10/31/05 Schwab statement. Cannot verify result.
528	Morganti	1/31/06 4/30/06 7/31/06	Missing price warning report generated when these reports were generated for this production for period ending 7/31/05. Therefore, perf. results will not reflect correct returns. Missing price warning indicates certain assets are not priced.
535	Morganti	10/31/06	Missing 10/31/05 Schwab Statements. Can't confirm values.
536	Morganti	1/31/07	Letter copied/pasted from Woodbury letter and not updated completely.
538	Morganti	7/31/07	7/31/06 market value on DCF ($2,737,360) at variance with Schwab ($2,737,873). 7/31/07 market value on DCf ($3,657,709) at variance with Schwab ($3,655,133). Also, see dietz calc.
542	Morganti	4/30/08	Burrows Jr. letter of the same period used as a template for this Morganti letter, however, performance table not completely updated from Morganti. Text and table nearly identical.
574	Mory Pension	6/30/08	Missing 6/30/08 Schwab statement. Cannot verify result.
583	Panzini PSP	4/30/07	Market Value on original Advent Account Summary at variance with Market Value on recently produced Advent DCF.

585	Panzini PSP	10/31/07	Panzini letter for the period ending 10/31/07 created using New Haven Parks and Woodbury Cemetery for the same period as a template. Letters dated within days of each other, language nearly identical, including the discussions of the most recent quarterly result (quoted as 5.5% in each case).
587	Panzini PSP	4/30/08	letter saved over Parks Dept, or copied -pasted from Parks. Identical language/format, but table not completely updated both letters are unsigned drafts.
601	Panzini Jt. Acct	10/31/06 1/31/07 4/30/07	Acct not funded until 6/8/06, yet recently produced Halsey reports shows MV on 5/31/06.
659	Emily Sappington	8/31/06	Missing Schwab Statements for August 06- can't confirm values
692	Joseph Sappington	2/28/07 5/31/07 8/31/07 11/30/07 2/29/08 5/31/08	Pelosi reported returns for Joseph and Susan Sappington on a consolidated basis. Recent advent reports are for individual accounts only, no consolidated reports provided.
711	Susan Sappington	2/28/07 5/31/07 8/31/07 11/30/07 2/29/08 5/31/08	Pelosi reported returns for Joseph and Susan Sappington on a consolidated basis. Recent advent reports are for individual accounts only, no consolidated reports provided.
754	Dr. George IRA	10/31/06	10/31/05-10/31/06- Pelosi letter references a 10/31/06 market value of $1,333,308. The original account summary report has a market value of $1,334,488 on 10/31/06, while the recently produced DCF has a 10/31/06 market value of $1,333,765. Again, two advent reports, the account summary and the DCF, taken at two different times, don't agree with each other.
800	Curran Found. 2	6/30/07	Market Value on original Advent Account Summary report at variance with Market Value on the recently produced Advent DCF report. Again, two advent reports, the account summary and the DCF, taken at two different times, don't agree with each other

815	Curran Estate	6/30/07	Market Value on original Advent Account Summary report at variance with Market Value on the recently produced Advent DCF report. Again, two advent reports, the account summary and the DCF, taken at two different times, don't agree with each other.
838	Schickler IRA	All	Missing Schwab statement for all periods. Cannot verify results.
853	Schickler Tr. 1	All	Missing Schwab statement for all periods. Cannot verify results.
868	Schickler Tr. 2	All	Missing Schwab statement for all periods. Cannot verify results.
908	Ant. & Rob. Lenk.	1/31/06	?? in performance fields.
911	Ant. & Rob. Lenk.	4/30/06	(TRW and DCF are 7/31/05-4/30/06 but letter said June - 4/30/06. Halsey ran reports for this production with wrong start date.
942	Rob. Lenkowski	4/30/08	Missing data in performance fields on recently produced advent reports. TWR for 3 mo performance indicates "N/A" in Comm. Stk. And "?" in 12 mo performance.
970	Eliz. Lenkowski	10//31/05	Market Value on original Advent Account Summary report at variance with market value the recently produced Advent DCF report.
1027	M. Lenkowski	10/31/05	Market Value on original Advent Account Summary report at variance with market value the recently produced Advent DCF report.
1047	Robert Bosco	8/31/05 11/30/05 2/28/06 5/31/06	Multiple issues: market value on original appraisal does not match values on current production for total portfolio and asset classes. Also, Schwab's first statement Aug '05, yet Halsey had a portfolio value on 7/31/05 on recently produced performance reports. Moreover, 7/31/05 mv on recent DCF report also at variance with amount Schwab reports transferring in during August. Finally, 8/31/05 mv on DCF report at variance with Schwab 8/31/05 mv.
1054	Robert Bosco	2/28/06	Market Value on Advent Account Summary report at variance with Market Value on Advent DCF report. Schwab statement at variance with the Account Summary and DCF market values.
1057	Robert Bosco	5/31/06	letter has beg & end + cf's mv - see dietz reconciliations.

1063	Robert Bosco	11/30/07	11/30/07 Market Value on DCF at variance with Schwab by $3,793. Dietz calc = 7.4% net.
1069	Florence Bosco	All	Halsey indicates mv on 8/31/05 on recently produced reports. Acct not established @ Schwab until 9/13/05. Sept, Oct, Nov 2005 stmts not provided. We can only verify that acct was funded prior to 12/31/05, but not before September.
1095	Honey Florian	2/29/08	See Bosco letter, same period; another instance of copy/pasting templates
1097	Honey Florian	5/31/08	5/31/07 - 5/31/08 "Large Cash Flows during this period". Dietz Calc: 2.2%
1104	Dave Florian IRA	5/31/06	Acct funded $444,373 in Feb '06 plus $40,000 in March = $484,373 initial funding (and starting balance) per Schwab. Recently produced DCF now shows $490,589 initial contribution.
1106	Dave Florian IRA	8/31/06	Acct funded $444,373 in Feb '06 plus $40,000 in March = $484,373 initial funding (and starting balance) per Schwab. Recently produced DCF now shows $490,589 initial contribution. Return on correct 484,373 starting balance = 3.9 (7 mos) 1/31/06 – 8/31/06.
1333	Karen Davis	All	Missing Schwab statements for all periods. Cannot verify results.
1334	Karen Davis	9/30/06 3/31/07 6/30/07 9/30/07	Halsey using wrong start date on recently produced advent reports - $0 balance on 9/30/06.
1343	Karen Davis	3/31/08	Letter for Karen and Brian created using letter for Mory's endowment and pension fund as a template - both letters are same date, same text, same format for both tables; errors in same position on tables. See copies of letters.
1357	Brian Davis IRA	All	Missing Schwab statements for all periods. Cannot verify results.
1358	Brian Davis IRA	9/30/06 12/31/06 3/31/07 6/30/07 9/30/07	Halsey using wrong start date on recently produced reports - $00 balance on 9/30/06 per recent DCF. Cannot determine exact inception date during October since Schwab stmts not provided. No DCF, TRW for correct 10/31/06 start date.

1467	David sams IRA	6/30/08	Missing Schwab statements for all periods. Cannot verify results.
1508	Rosenthal Jt.	All	Pelosi letters were provided to this client and were included in this production. However, Halsey provided no Advent performance reports for this client for any time period.
1517	Dr. Rosenthal IRA	All	Pelosi letters were provided to this client and were included in this production. However, Halsey provided no Advent performance reports for this client for any time period.
1526	Mrs.Rosenthal IRA	All	Pelosi letters were provided to this client and were included in this production. However, Halsey provided no Advent performance reports for this client for any time period.

1371	Brian Davis IRA	3/31/08	Letter for Karen and Brian created using letter for Mory's endowment and pension fund as a template - both letters are same date. Same text, same format for both tables; errors in same position on tables. See copies of letters.
1380	Peter Collins	2/28/07	Account not funded on 11/30/06. There should be no 3 month result, yet recently produced advent reports are providing one.
1381	Peter Collins	5/31/07	Account not funded on 11/30/06. There should be no 6 month result, yet recently produced advent reports are providing one.
1384	Peter Collins	8/31/07	Account not funded on 11/30/06. There should be no 9 month result, yet recently produced advent reports are providing one.
1385	Peter Collins	11/30/07	Market value on recently produced DCF at variance with Schwab.
1397	John Dean	8/31/07	Two conflicts: 1) Advent reports show an 11/30/06 start date, however account not funded until mid-Dec. 2006 2) Pelosi letter referring to trailing year quoted 6.8%, would have actually been since it's mid Dec '06 inception, since account didn't exist for a year at that point.
1412	Naug.Valley Surg.	2/28/08 5/31/08	Julian handwritten note to Division within its production: "new client, no letter written". However, two letters were actually written.
1418	J. & Reg. Platano	3/31/08	Pelosi table quotes results Jan - March '08. Advent reports provided are 3 months ended 4/30/08).
1425	Westco 401K	3/31/08	Pelosi table quotes results Jan - March '08. Advent reports provided are 3 months ended 4/30/08).
1432	J. Platano IRA	3/31/08	Pelosi table quotes results Jan - March '08. Advent reports provided are 3 months ended 4/30/08).
1440	Reg. Platano IRA	3/31/08	Pelosi table quotes results Jan - March '08. Advent reports provided are 3 months ended 4/30/08).
1448	Reg. Platano Roth	3/31/08	Pelosi table quotes results Jan - March '08. Advent reports provided are 3 months ended 4/30/08).
1462	Betsy Sams	6/30/08	Missing Schwab statements for all periods. Cannot verify results.