

EXHIBIT 1

**Interview of Former Grayson Fund Vice President of Investor Relations
October 2, 2015**

Helen Eisner: We will go ahead and get started with interview. This is October 2, 2015. We are joined by video conference with the Former Grayson Fund Vice President of Investor Relations (the "Witness"). I am here at the Office of Congressional Ethics. This is Helen Eisner speaking with Annie Cho and Paul Solis. We have given the Witness a copy of the False Statements Act. He has signed the acknowledgement form. We have informed him that we will be recording the interview, and with that we will go ahead and get started.

Just some basic background information first. Where are you currently employed?

Witness: I am currently employed with the US Department of State

Helen Eisner: We lost that in the recording. At the US Department of State at -

Witness: At the consulate, the House of General, in Sao Paulo, Brazil.

Helen Eisner: The consulate in Sao Paulo.

Witness: Sao Paulo.

Helen Eisner: And how long have you been employed by the State Department?

Witness: Just less than two years. I started in January of 2014.

Helen Eisner: Okay, so January of 2014, and I am probably going to go ahead and repeat some things that I wouldn't typically repeat, just for our connection here and translation for the transcript. Before January 2014, where were you employed?

Witness: I was employed by the Grayson Fund.

Helen Eisner: By the Grayson Fund. And what was your position at Grayson Fund?

Witness: I was the Vice President of Investor Relations.

Helen Eisner: That ended in approximately January 2014?

Witness: That's correct.

Helen Eisner: When you say your employer was Grayson Fund, was it called Grayson Fund or was it any specific entity?

Witness: Specifically, I was paid by Grayson Fund Management Company, but the Grayson Fund Management Company, which was the global management entity of the Grayson Fund.

Helen Eisner: When you left in January 2014, who took over your position?

Witness: I believe Carla Coleman specifically, but I don't know if she's actually on the payroll of the management company or not. I don't know anything about the finances after I had left.

Helen Eisner: Do you know if her position would have been the same? Vice President? Or did she have a different title?

Witness: I don't know, but I don't.

Helen Eisner: Let's work a little further backwards. Before your employment at the Grayson Fund, where were you employed?

Witness: I was the Communications Director for the congressional office of Congressman Alan Grayson.

Helen Eisner: Now, going into that employment and your employment with his campaign and with his political office, did you also have a position with his campaign?

Witness: At one point, yes. I worked as the Communications Director from roughly, February 10th of 2009 through the end of 2010, and then I started to work – I worked for one month for the campaign. During that time, I took a leave of absence from the congressional office immediately prior to the election. Then, when the election was over, I went back to the congressional office for the last month and a half or so of his time in office. I became a paid consultant of the campaign, I believe in June or July of 2011, which would have been when he started to look into the possibility of running again for the 2012 election.

Helen Eisner: You said you were a paid consultant? Did you have a title?

Witness: I used in, technical terms, communications director, but I was a consultant who consulted for the campaign.

Paul Solis: Just to repeat that Former Grayson Fund Vice President of Investor Relations, you used the title of Communications Director, but you had another position?

Witness: No, I didn't have another position, but I wasn't a full-time employee. My title was Communications Director, but I was effectively a consultant because it was not full-time work.

Helen Eisner: So you were effectively a paid – and this is because we are losing a few words. We're trying to piece it together. You were effectively a paid consultant, but you identified yourself as Communications Director?

Witness: Yes. That's correct. So I may have actually used the word Communications Director, when in fact I was a paid consultant is probably a better way of putting it.

Helen Eisner: When did you meet Representative Grayson?

Witness: The first time I met Congressman Grayson was Election Day of 2010, no, excuse me 2008. I was working as a journalist at that point, and I actually was assigned to cover his campaign for that day. I met him that morning, and I covered his election party that night, and that was the first time I met him.

Helen Eisner: Okay. You joined his office you said about February 10, 2009. What was your position before then and where were you working?

Witness: When I first started, I was the press secretary and then I was promoted to Communications Director over the period. I was only with the office for his first term in February of '09 through the end of 2010 after he lost his. . . I don't remember exactly when I was promoted from press secretary to Communications Director.

Helen Eisner: You mentioned that you working as a journalist before then. Can you tell us who you worked for before February 10 of 2009?

Witness: Before February 10 of 2009, I worked for WKFU which was a CBS affiliate in Orlando, Florida. I was a reporter in a political group.

Helen Eisner: In your work in Representative Grayson's office as press secretary and communications director, what responsibilities did you have related to financial disclosure statements?

Witness: None. I wasn't involved at all financial disclosures with the exception of answering questions from the media, but I don't recall ever actually being part of the assembly of them, the reviewing of them, the creation of them or anything along those lines.

Helen Eisner: Who would have been responsible for financial disclosures statements?

Witness: It would have been I think one of three people that would be Matt Stoller, who would be senior policy advisor. Ayesha House-Moshi, who was the legislative director, and Julie Tagen was the chief of staff, and I mean the Congressman also was very involved in the creation of his own reports.

Helen Eisner: Let me just go over that because we lost a few pieces. There was Matt Stoller, who was the senior policy director. You said the Congressman, and then the other individual was the chief of staff?

Witness: The chief of staff and there was also the legislative director, but I believe she is the least likely to be involved. Understand that I was based in the Orlando office not in the Washington office, so I didn't work on a day-to-day basis in person

with those people. I did go up and work for a week at a time a year, so if I had to tell you who I thought worked on it, it would be one of those three or a combination of those three along with the Congressman, but I don't know specifically who did the work on any given report.

Helen Eisner: Can you repeat the name of the chief of staff you were referring to?

Witness: Julie Tagen.

Helen Eisner: We want to ask you a number of questions about Grayson Fund and just starting with some general questions. What is the Grayson Fund?

Witness: The Grayson Fund, excuse my daughter is coming home from school. The Grayson Fund is a small hedge fund that is based out of Florida. It is named after or named just around Alan Grayson, who is a congressman and a very successful investor. It was started in 2011, and I left employment in the beginning of 2014 when I joined the State Department.

Helen Eisner: Why was the Grayson Fund formed?

Witness: The congressman is a very successful investor, so right before the election on 2010, he approached me about the idea of starting a hedge fund. It was something that he's been interested in for a long time, and there was no doubt seeing his financial brokerage, he's a very savvy investor. He had been ... and decided it would be the next best venture for him. It was something that he would be good at, and so he wanted to start one and made me a part of the team.

Helen Eisner: And the conversation you said in 2010, when did that conversation occur?

Witness: It was late September of 2010. It was near the election. The election was still in question about six weeks out from election, we were dead even in the polls, but in the end he lost by a sizeable margin. But he was pragmatic.. He said, "I'm not sure how this is going to turn out, but if it doesn't come out the right way, I'm thinking about doing this hedge fund and if so I would like for you to be a part of it." It was I would say September of 2011, yes. No, I'm sorry I'm get all my dates alternated. It would have been September of 2010. Excuse me.

Helen Eisner: Why did the Congressman approach you?

Witness: Why did he approach me?

Helen Eisner: Yeah, with this idea why did he approach you to join the hedge fund?

Witness: At the risk of sounding arrogant, he thought I would be a good person to be a part of it. He thought I did a good job as a Communications Director. He knew I was capable of taking a lot of different responsibilities covering a wide-range of topics, and he thought I was capable at helping him create this entity. It helped that I was living in Orlando. We lived about two miles apart, so I was accessible.

I was close-by. I didn't really have to worry about transferring, but I'd like to think that it was because he thought I was capable.

Helen Eisner: You said your position was Vice President of Investor Relations.

Witness: That's correct.

Helen Eisner: When did you start that position?

Witness: Well, the hedge fund started to be formed early in 2011 after I left the congressional office. It was kind of seamless. The congressional office ended and he said he would start working out the hedge fund. It wasn't physically incorporated until a few months later, I don't know the exact date that would be part of the documents that was submitted, but those are with the documents that submitted. There was a date when it was incorporated in Delaware. There was a date when it was incorporated in The Cayman Islands...I don't know if incorporated is the correct term, but formed and legally registered in those jurisdictions.

I was the Vice President of Investor Relations in the original law firm document drafted by the attorneys, so I guess from the start you might consider it that way.

Helen Eisner: Again, kind of some general questions. If you could just tell us, at that point when it first started and then after that, which entity paid you? At the beginning and then throughout?

Witness: At the very beginning I was paid by an entity called Grayson Consulting, which is one of the Congressman's side businesses. I really don't know all the ins-and-outs of that to be honest. Because the Grayson Fund itself didn't have bank accounts, didn't have all the incorporation documents and all that, I was paid by Grayson Consulting. When the fund was actually physically created and had the bank accounts and could put the money into the accounts, I was then paid from the Grayson Fund Management Company. The Grayson Fund Management Company then repaid or paid back Grayson Consulting for the payments, the salaries that I was paid as we were setting up the hedge fund itself.

Helen Eisner: As Vice President of Investor Relations, who did you report to?

Witness: Congressman Grayson.

Helen Eisner: Was there anyone else?

Witness: No.

Helen Eisner: During this time, you were also receiving payment in your position, the consultant position to the campaign?

Witness: Not at the beginning. I would have to look at my records as to when I started drawing a monthly stipend from the campaign. I was \$1,000 or \$1,500 a month. I

believe it was in mid-to-late-2011 that I started getting that. But, I was paid as an employee of the Grayson Fund starting effectively in January or February of 2011, when my current congressional office . . .

Helen Eisner: Who else worked for the fund?

Witness: No one.

Helen Eisner: We've seen some other names, people communicating about the fund. Did Rep. Grayson Congressional Office Manager and Business Director ("Office Manager") work for the fund?

Witness: At that point, no.

Paul Solis: When you say at that point, Former Grayson Fund Vice President of Investor Relations, do you mean the entire time you were working for the fund?

Witness: That's correct. I was the only paid employee for the entire time that I was there.

Paul Solis: Were there any other individuals who may not have been paid who were affiliated with the fund? Who performed services?

Witness: The paid service providers, the attorney, the accountant, the fund administrators, those types of people. There wasn't any other employee that, or anyone else that was doing work for the fund on the side, in an official capacity or on a regular basis.

Paul Solis: When you talk about lawyers and accountants and other individuals, these are outside entities who performed services that the fund paid for?

Witness: That's correct.

Paul Solis: Okay, thank you.

Helen Eisner: Was this a full-time position?

Witness: Yes, it was.

Helen Eisner: How many hours a week would you say you worked for the fund?

Witness: I was able to keep pretty regular hours. The official fund office hours were 8:30 to 5:00. I was the only one in the office, but I would come in after I dropped my daughter off at school . . . I'd turn the lights on and I would leave to have her picked up from school, which was around 4:30 or 5:00 every day.

Helen Eisner: Where was your office?

Witness: Our office was in the building called Aristot Building, which was close to the Congressman's house and close to my house. The address is 4705 South Apopka-

Vineland Road I think. It's in the documents. It's been a long time. I can't remember anymore what the address was.

Helen Eisner: There was some discussion in documents about hiring an individual named Kevin Hedges.

Witness: Correct.

Helen Eisner: Was Kevin Hedges hired?

Witness: No.

Helen Eisner: Was anyone else hired to fill that position?

Witness: No. Again, I can't speak to today. When I was at the fund, there was no one else hired.

Helen Eisner: Sure we understand that. We're asking you to speak to what you know so we can't ask for any more than that. What was the process of establishing the fund?

Witness: We reached out to several contacts. I think I remember reaching out to a company called HedgeCo, which is an entity based in Miami and they work with a lot of hedge funds. We reached out to them. They in turn referred us to several different law firms and we spoke with them, interviewed them for lack of a better term. Once we decided on an attorney, we decided on a law firm, a fund administrator who initiated the process of interviewing different companies, different attorneys, service providers, decided on those, and then with those service providers create the document, getting incorporated in areas that we want to get incorporated based on their legal advice or accounting advice, and then buying an office and doing everything that deals with a business startup.

Helen Eisner: You told us earlier about this conversation you had in late-2010 with the Congressman, where he came to you with this idea for the fund. I understand that he seemed to go to talk to lawyers and to a number of other service providers at a later point in time.

What about just initial conversations? You knew about the congressman's interest in starting the fund. Who was having the initial conversations as far as what this fund would be and how it would be structured before you went to the service providers?

Witness: Myself and the Congressman.

Helen Eisner: Just the two of you?

Witness: I remember discussing it, but I don't know anyone else that knew about it to be honest.

Helen Eisner: Okay. Once you started...you described to us the process that you started to go through. Who made decisions about establishing and structuring the fund?

Witness: Congressman Grayson --on all parts of it.

Helen Eisner: Going to move on to go through quickly through some documents here. Are these coming through clearly for you?

Witness: Yes.

Helen Eisner: Some of the document might be a little cut off, but hopefully this works out. We'll just read the Bates number for the record, which is TJ_3204. You talked to us about this hedge fund and the Grayson Fund in general. Let's talk about these entities. What is the Grayson Fund LP?

Witness: The Grayson Fund LP is the domestic, what is called a feed, domestic part of the Grayson Master Fund LP, which is a Cayman-based umbrella organization.

Helen Eisner: What was the purpose of the Grayson Fund LP?

Witness: That is where all of the US investors would be able to invest their funds into the hedge fund. That's just the way it needed to be according to the attorneys.

Helen Eisner: I'm going to go through these different entities. What is the Grayson Master Fund LP? Limited partnership.

Witness: The Grayson Master Fund is the umbrella organization. It's the master of the entire hedge fund. It was made offshore, following the advice of the attorneys based on what we were hoping to accomplish. The Master Fund had two feeders, the Grayson Fund LP and the Grayson Fund Ltd. Effectively the same thing, but serving different purposes based on the investors.

Helen Eisner: To clarify, you're saying that Grayson Fund Cayman Ltd., this was the same thing as? Did you say that was technically the same thing?

Witness: Yes. They followed the advice of the attorney. There are a lot of different ways to set up. Some are just US-based hedge funds. Some are offshore hedge funds from the Caymans, the Bahamas, from Bermuda. The Grayson Fund Ltd. was set up with the intention of allowing foreign investors, if we ever got any, to legally invest in the Grayson Fund, or for tax purposes--non-profits, union pension funds, University endowments, those types of things, would have to invest in offshore fund. My understanding was for tax purposes. I don't know the ins-and-outs of that. Again, it was based on what attorneys who know a lot more about it than I or even Congressman Grayson knew. That was their advice on the best way to set up a hedge fund.

Helen Eisner: Just those three in particular. When were they established? The Grayson Fund LP, The Master Fund, and the offshore feeder?

Witness: I don't have an exact date. I know it's certainly in the documents that I provided you. I would guess the Delaware fund was set up in the summer of 2011, maybe August. I'm guessing here. It was sometime in 2011. I think the latter half of 2011 because by that point we had already figured out what the fund would be, and how the documents were going to work, and . . . purposes.

Helen Eisner: Just continuing with some of these entities again. Some additional questions here. What is the Grayson Fund Management Company?

Witness: The Grayson Fund Management Company is effectively the office of the hedge fund. It is where any employee would work. It is the one that produced the monthly statements, that work with the service providers for the ---, for the monthly reports, for the bank accounts, for the lease of the office, the purchase of the equipment, the website maintenance, the communication with investors. It's the working arm of the hedge fund.

Helen Eisner: What is the Grayson Fund General Partner?

Witness: The Grayson Fund General Partner is a money-making entity of the fund. It has no active purpose. In other words, there's no employee. It doesn't do a lot of work. The General Partner gets incentive allocation from the Master Fund. In other words, if the Master Fund made money for investors, the way our contracts were set up is 2% of the incentive that we earned for making money for the investors would go to the General Partner. Then the General Partner and that would be divvied up among the owners of the entity.

Helen Eisner: Okay. Can you similarly ... so that's the incentive allocation with which we see towards the bottom of that chart. Can you ...

Witness: Yes.

Helen Eisner: What is the management fee?

Witness: The management fee is the 2% fee... It's probably best to give you an example. If someone invests a million dollars in funds, two percent per year would be taken then quarterly. Half a percent over four quarters to the management company regardless of whether the hedge fund makes money or not, and that pays for the management. It pays for the staff. It pays for the service providers. It pays for the work that goes into running the hedge fund.

The 20%, that allocation is profit. It is the profit that the hedge fund makes for doing a good job, investing money and making money for the investors. If it doesn't make money it doesn't get allocated. If it does make money, that money then goes to the general partner and that money is split up among the owners of the hedge fund.

Helen Eisner: Okay.

Paul Solis: Do hedge funds in general get, this is to the best of your knowledge, do hedge funds in general have to have a general partner in order to divvy up those profits?

I mean, is there another mechanism that owners could receive profits from the hedge fund?

Witness: I don't know of any other hedge fund structure. From my understanding, my research of hedge funds and it's going to be the advice of counsel that this is kind of a standard set up of a hedge fund of this type. In other words, one that would have an offshore and onshore component that, but I believe even in domestic components, hedge funds that are only paid domestically, also have some sort of similar structure.

Paul Solis: Okay, and then the owners, in this case, would have received the profits out of the general partner LLC, would have been represented Grayson and his family?

Witness: Yes, it was that the general partner was owned by seven entities, if you will. The Congressman, the trusts of the five kids, and a trust of the mother, of his mother. There were seven trusts and Alan Grayson individuals.

Helen Eisner: Start up fees? Where did they come from?

Witness: They were paid by, in equal parts, by the Congressman, by each of the trusts of the kids, and by the trust of Dorothy Grayson, his mother.

Helen Eisner: Are you talking about start up fees for the general partner? Are you talking about start up fees for this entire structure of entities?

Witness: No, the way it works is the management company paid all of the costs of creating them. Those costs can be amortized over a 5 year period, legally. Congressman Grayson, for example, I can't remember the exact numbers but he probably spent somewhere upwards of \$300,000 starting it. Congressman Grayson could contribute ...if \$100,000 was deposited to start covering costs. Congressman Grayson individually would contribute \$50,000, each of the UTMA's, the trusts for the kids, 9.9% individually would contribute \$9,900 and the Dorothy trust – the Dorothy Grayson trust is the more formal name, would contribute \$500. We did that a couple of times, that we . . . send in or either had to contribute a significant amount of money to keep the lights on, basically. Pay the lawyers fee, pay the accountants, the management company, pay my salary. It was all done in proportion to the ownership stake of each of the entities.

Helen Eisner: Okay. Why was it set up that way? Why did Mr. Grayson have 50% of the share and then, as you mentioned, there were separate shares for the children?

Witness: It could be set up any number of ways. It could have been set up that Congressman Grayson owned 50% and his wife owned 50%, or that Congressman Grayson owned 50% and his Mom owned the other half. It's just his wisdom that he rather, and the estate planner. He has an attorney who is advising him how to do this, an estate guy. That's how he decided to set it up.

Helen Eisner: Okay. We're going to get into more specifics as we go along, here. You have talked a little bit about your role. What role did Representative Grayson play in the operations of the fund?

Witness: He gave the marching orders. I did the work. I was the one that he most often or at least most often would meet with the administrator, the accountant, the people that were helping with the website and so on so forth ... I assured ... the Congressman, if I needed something, any question I needed answered, I asked him what he wanted us to do. How he wanted us to do it, and I did it.

Helen Eisner: How often did you interact with the Congressman during your time with the fund?

Witness: Multiple times every day.

Helen Eisner: I'm sorry, we lost that. Can you say that one more time?

Witness: Multiple times every day.

Helen Eisner: Okay.

Witness: Generally speaking, I mean, if he was on vacation, no. You get my point.

Paul Solis: When you talk about marching orders, is this ... how specific would he get? How much did he entrust in you to make decisions on a daily basis?

Witness: If you're talking about the physical structure of the fund? He made the decision. Talking about the, what we were investing, and how, he made those decisions. If you're asking me if he decided if I would pay something today or tomorrow, I did those things. I handled the administration of things. He didn't micromanage, but ...he was, it was his stuff, I mean he was the person that was making the big decisions because it was his money. He was the owner, and his name on the door.

Paul Solis: Right. I think you just said the word administration and I was going to ask you, is it a fair characterization to say then that he did the, he made the substantive decisions with regard to the hedge fund and you made the administrative decisions with regard to the hedge fund?

Witness: That's fair. He made the administrative decisions as well. Then I carried them out. He made most of the decisions.

Paul Solis: Alright. Thank you.

Helen Eisner: How did the fund attract investors?

Witness: How did it?

Helen Eisner: Yes.

Witness: To be honest, we had one investor, outside of the Congressman, during my tenure. That was because of the personal relationship he had with the Congressman. The Congressman had with the investor.

As I think you remember, there were some restrictions that we had, that all hedge funds have. At least when I was there. They may have eased up over time. We can't just put out an ad in the New York Times to attract investors. It has to be, you have to target specific people that are accredited investors. They have a certain amount of net worth overall. Laws that are set up, or regulations that are set up by federal law and SEC regulations.

We attempted, on various occasions, to ... I went to a couple of conferences. I met with willing investors. We didn't get any of those investors. The Congressman, for better or for worse, did not have a lot of time, or did not devote as much time certainly as I would have liked, actually meeting with the people that could be investors. Even getting his own family members involved, or extended family members, or his best friends involved. He just never really asked. That's fine. That's his choice. It was his money. I certainly would have wished that we would have been able to attract more investors during my time with the fund.

Helen Eisner: What was the strategy then? Was there a strategy, a particular strategy for gaining investors for the fund?

Witness: Not really. What we really wanted to do, what he really wanted to do ... I think we had to do, was we had to build a track record. This is, we got this information from when we went to conferences and I asked questions. We got this from our fund administrator and whatnot. Most people aren't going to invest 500 or a million dollars getting ... into a fund that opened up the door a few weeks ago.

I happened to get there where it was starting. We had to build a track record. We had to show that the things that we were doing ... when I say we, meaning the fund ... what we were going to do worked. We were going to make money. We were going to pick the right stocks at the right time, and buy the right things at the right time so that people would say, "Okay, I put my money in the Grayson fund. I'm going to make 10% a year. I want to invest with them."

I was there when the fund was basically creating the track record. The Congressman was not in any big hurry to market to the world because he wanted to build a track record, and quite frankly, early on we didn't have a great track record.

The strategy was, build a great track record that was worth selling and then try to attract investors. That was starting to happen and I got an opportunity that I couldn't pass up. I left before we really started to build a track record.

Helen Eisner: Okay. I'm going to skip forward to a few documents quickly.

Witness: Sure.

Helen Eisner: We'll go back. I want to show you right here, which is TJ0456 through 0457. I'll leave it on this page right here where it says, we should, and this is an email I believe from you to Congressman Grayson. "I think we should focus on getting all the money invested, building that track record, and selling it to family and

friends. We can worry about selling it to different strategies, or about selling different strategies to outside investors."

Witness: Yes.

Helen Eisner: Does that accurately reflect the strategy that you're describing to us?

Witness: Yeah, that's kind of what I think I would just try to - is that we had to build a track record. Then we can get the family and friends, the people that trust him most, to invest money. Then when you have those people already invested, the low lying fruits, so to speak. I think this is pretty standard with most hedge funds. Once you get those, then you sell, and yet we're not a \$10 million hedge fund. That \$50 million hedge fund has a track record of 10%, or 12% or 15 or 20%.

Then you can start going to conferences, doling your information for accredited investors, meeting with them, and saying, "Hey, you want to put your money with us, not with Hedge Fund X."

Helen Eisner: Okay. Let me, I'm going to backtrack with some other documents here, just skip by. I'm sorry that this is sideways. We ...

Witness: That's okay. I'm familiar with the document.

Helen Eisner: We'll test you out here. This is the slide show that you provided TJ1597. Who would have prepared this slide show?

Witness: I did along with the group and the Congressman.

Helen Eisner: Who was the audience for the slide show?

Witness: Any potential investors in the fund.

Helen Eisner: How many times would you say you presented this slide show?

Witness: I never presented the slide show. We never actually made a print with the Power Point. I made hard copies of it, that I was required to keep track of, a log of, but I don't have because it's in funds that are all archived that I don't have access to, but less than a hundred that I gave out.

Helen Eisner: One of the slides here in the PowerPoint, TJ 1601, and again, sorry for the sideways, but it says, "traded \$200 million for personal account." Where did that figure come from?

Witness: The Congressman.

Helen Eisner: The Congressman provided the content for this PowerPoint presentation?

Witness: Yes. I generated some of it, but yes, this was very much collaborative, and he kind of told me what his vision was and I started creating and then we tweaked it

and talked about it. All of this information is stuff we talked specifically about, so I included it in the PowerPoint.

Helen Eisner: Were individuals who you were reaching out to aware that Representative Grayson had served in Congress?

Witness: Certainly. Yes, that's true. The people that I would have met, if they didn't know, I would have told them.

Helen Eisner: Just going to move on to some specific questions now. One of the things that we've seen ... I'm sorry. I'm moving through here. This is TJ0636. It seems to indicate that you were the contact person for, sorry, wire transfer information for the fund?

Witness: Yes.

Helen Eisner: Is it fair to say that during your time at The Grayson Fund you would have known or been familiar with any investors in the fund?

Witness: Yes.

Helen Eisner: Who were the investors in The Grayson Fund LP?

Witness: Outside of Alan Grayson or what eventually became the Family Partnership, there was only really one other investor, and that was a gentleman by the name of [REDACTED]

Helen Eisner: I want to show you and just start here so you can see what the form is. This is an SEC Form D here, THAG0203 through -206. This is just for completeness so you can see what we're looking at. I want to show you on page 205 here where it says that the total number of investors who've invested in the offering is three?

Witness: Mm-hmm (affirmative).

Helen Eisner: Is that accurate?

Witness: Again, if you look at the reports I sent in the second submission, I sent and made a monthly payment. One of those pages of who the investments are for . . . The Grayson Fund general partner was an investor in the fund, but that was what the attorneys told us to do. I don't believe the management company was an investor in the fund. Alan Grayson was an investor in the fund. Which Form D is this? Was it the original one that we filed or was this the one from 2011? I don't know which one it is, but if you look at the documents that I provided to you, it would be the monthly report, it was a December of 2013. I provided those documents. One of those pages has a list of the investors. One of them is a general partner, one of them is Alan Grayson, one of them is [REDACTED] They're entities of the fund or Alan Grayson, I think what you're getting at is you're wondering are there any other people outside of Congressman Grayson. There was one, [REDACTED]

Paul Solis: Former Grayson Fund Vice President of Investor Relations, we lost you a little bit there. Just want to clarify that you said as far as individuals go outside of Representative Grayson, it's only one person, which is [REDACTED]

Witness: That's correct.

Helen Eisner: I think this will be helpful. Just go forward to this document. Let me see if I can rotate this for us.

Witness: It's okay. I can make it out; it's a little blurry, but if you could please tell me what it says on that paper, I'll look for it.

Helen Eisner: I can do that. I think you were referring to a document that listed the different partners/investors of the fund that you had provided to us. This is TJ3415. I can see that it says Alan Grayson, Grayson Family Partnership, [REDACTED] Revocable Trust, and The Grayson Fund General Partner.

Witness: Correct. That's the only investors that I am ever familiar with.

Helen Eisner: The Grayson Family Partnership. Here it indicates that there was an initial beginning equity of \$6 million. When did that investment occur? When did the Grayson Family Partnership invest?

Witness: What happened was, Alan Grayson invested his individual money, and when the family partnership was created, a portion of his investment was transferred into the partnership as a new investor. I don't remember specifically. I'm going to say it would have been sometime in early 2012. I believe the partnership was created in late 2011. It was created right before the end of the year. After that is when we were able to make the transfers with the fund administrator, the accountants, and we had everything and make sure that it was supposed to.

Helen Eisner: Same question for Representative Grayson. Again, small print. I apologize. It indicates that he invested 3.9 million into the fund. Do you know when that would have occurred?

Witness: Well, that was the original investment. It was originally \$10 million. That would have been in mid-to-late 2011. Right after when the fund was established and everything was ready to go, the Congressman invested his own money in the fund, and then we started trading/buying stocks for him and doing the things that we wanted to do to try to create a track record, but it was with his money.

Helen Eisner: What happened to that \$10 million?

Witness: Six of it became what moved to the family partnership, and the rest of it is right there, 3.9 million or whatever. By this time, though, the fund had lost some money. In other words, some of the investment went down. When the investments go down, these numbers automatically slide.

Helen Eisner: Just so I understand, what you're saying is that initial investment of \$10 million invested sometime in late 2011 is reflected in this chart from December 2013. It just has been apportioned into the Family Partnership and then separately into the general partnership.

Witness: No, the general partner made its investment very early on. It was, I think, about the same time that the Congressman would have made his investment. As soon as the fund was ready to actually accept these things, the general partner made its \$1,000 investment and the Congressman made his investment. At some point later, I believe again in early 2012, the Congressman's \$10 million investment was effectively split into a \$4 million investment by Congressman Grayson and a \$6 million investment by the Family Partnership, and then [REDACTED] is different.

Helen Eisner: Let's get into that. What is the [REDACTED] Irrevocable Trust?

Witness: It's [REDACTED] trust. I don't know enough about his personal finances. He wanted to invest in the fund. I don't know if he has all the assets in the trust, but it's him. I mean he sat in front of me and wrote a check, but it was a check from the [REDACTED] Irrevocable Trust.

Helen Eisner: When did you receive that check?

Witness: I don't remember. It would have been sometime in 2012? I really don't remember. I don't think it was in 2011. I think it was in 2012 because ... I mean it certainly was nice to have [inaudible].

Helen Eisner: We lost you for a second. You're coming in a little clearer now. Can you hear us? Is everything okay?

Witness: I hear you fine.

Helen Eisner: I think we've got a slight delay working. We'll keep moving forward. That initial check, how much was that for?

Witness: I'm almost positive it was \$100,000.

Helen Eisner: We're losing you a little bit. We lost sound there again. If you could-

Witness: One hundred thousand dollars.

Helen Eisner: One hundred thousand dollars. Okay, we did hear that. Who is [REDACTED]?

Witness: [REDACTED] is a prominent Democratic operative. Again, I was under the impression he's an artist. He supports a lot of Democratic candidates. He's a supporter of the congressman. He's a Democratic supporter.

Helen Eisner: How did [REDACTED] first meet Representative Grayson?

Witness: I don't know. They knew each other before I met them.

Helen Eisner: Who reached out to [REDACTED] to become an investor in the fund?

Witness: The Congressman.

Helen Eisner: What was that process?

Witness: A phone call? I really don't know specifically. I wasn't there. I mean, again, he knows this man very well. This is one of the friends and family that I was referring to earlier. I mean he's a person that the Congressman could say, "Hey, I'm doing this. I'm interested in having you invest. Are you willing to sit down and talk to us?" [REDACTED] at some point, said yes. They had conversations that I wasn't actually really a part of. The only time, I was a part of the process was the day we went and sat down, the three of us, at [REDACTED] house. We went over documents, the agreement, we answered any questions that he had. He signed the documents and gave us the check.

Helen Eisner: After that, once he had become a limited partner, what was his involvement in the fund - [REDACTED]?

Witness: Nothing besides getting monthly reports from the results that we were generating.

Helen Eisner: I want to show you – actually let's flip the screen back here. Just one moment here.

We won't challenge you that much to have you read it upside down. We'll try not to. Okay. Actually, not this. I'm sorry. We're going to skip a little bit here. Okay, so this is TJ 3404 to 3406.

Witness: Yep.

Helen Eisner: And, on that first page, 3404, there is an email from [REDACTED] Is it safe to assume that's Representative Grayson?

Witness: Yes, I can see where you are seeing the address. Oh here they go, I'm sorry. Yeah. That was his personal log or his personal address, the one he used at the time.

Helen Eisner: Okay. So, he indicates that [REDACTED] is staying in the fund. A little further down, the next communication there, there is a discussion. I think this is the email from you where you say that the statements reflect [REDACTED] redemption from the fund. What happened there?

Witness: The fund was not doing well early on, really, after [REDACTED] invested. As you can see, he invested 100,000 dollars, and based on January 8 2014 redemption, that would have been 93. So, he would have lost 7,000 dollars, or something like, that on paper. And, so [REDACTED] was talking about, you know, withdrawing from the fund, which he had a right to do based on subscription agreements and whatnot. And, I

talked with him, our Congressman spoke with him, and [REDACTED] decided to stay in the fund.

Helen Eisner: Okay, and do you know why he decided to stay?

Witness: I think he just needed to have a conversation and understand a little bit more about the strategy. Why we were down. What happened that caused the fund to drop when it did. And after our conversation, I wasn't a part of those conversations. I mean, the Congressman spoke with [REDACTED] I also spoke with [REDACTED] a little bit, but certainly it would have been a conversation that the Congressman had with [REDACTED] that explained in detail specifically what was going on with the strategy and the fund. And, [REDACTED] made a decision to stay in. I don't know why or how he made that decision specifically, but he decided to stay in the fund.

Helen Eisner: Okay. I'm going to show you another document. This is a balance sheet. It is TJ 3413. I think you can see in line 212, it says, "redemption payable" with a line item for about 93,000 dollars. Was that amount paid to [REDACTED]?

Witness: At that point, no. He decided to stay in the fund, and so, that's the fund administrators who re-compute the savings based on the fact that he was not going to withdraw.

Helen Eisner: Okay. So, you left the fund, like you described, in January 2014. Have you continued to receive statements or any information about the Grayson Fund, LP.

Witness: I'm sorry, I missed part of that question.

Helen Eisner: Sure. Since you left the fund, do you still receive statements or at least financial records related to Grayson Fund, LP?

Witness: No.

Helen Eisner: Okay. Do you know who the fund's current investors are?

Witness: No.

Helen Eisner: Who would know?

Witness: The Congressman. Carla Coleman might know if she's still involved or is involved with the Fund. My understanding was she was going to be taking care of the simple administration things, the writing the checks, the keeping the lights on, but I don't know if that ever happened. I don't know if she was actually a paid employee. I don't know what she specifically was doing. I don't even know if they had many other employees. But certainly the Congressman would know.

Helen Eisner: I want to keep your attention on this page, this balance sheet here. Under number 102 portfolio, and then 102-1 just towards the top.

Witness: Yep.

Helen Eisner: It says Grayson Master Fund. Was the Grayson Master Fund the only investment for the Grayson Fund, LP?

Witness: I don't know. You're saying was it the only investment. We didn't invest in the Master Fund. The Master Fund held the feeder.

Helen Eisner: For the feeder structure ...

Witness: So ...

Helen Eisner: ... the investments that ...

Witness: ... the asset ... again, I can't tell ... this is the balance sheet for which entity. I can't tell by this.

Helen Eisner: Sorry. Up towards the top, it's Grayson Fund, LP.

Witness: Well no. That's the ... oh no, okay, you're right. I see the name. No, the Grayson Fund, LP fed into the Master Fund. So, if you would have seen, for example, if there would have been money in the offshore feeder which there never was but if there would have been then, you would have seen both entities under that portfolio making up the total amount that the Master Fund had invested. So, the Grayson Fund, LP didn't invest in Master Fund. I mean, it wasn't ... they weren't the stocks that it was buying. That was just the umbrella organization of which the Grayson Fund was a part.

Helen Eisner: Let me ask this way then. Did the Grayson Fund feed into any other entities or did it only feed into the Grayson Master Fund?

Witness: It only fed into the Grayson Master Fund (Cayman), LTD.

Helen Eisner: Okay. A few more questions about this balance sheet. Number 200 says, "liabilities." A few questions about that. So number 205, it says, "due to investment manager." Who was the investment manager?

Witness: The Management Company.

Helen Eisner: And, that would have been Grayson Fund Management Company.

Witness: That is correct.

Helen Eisner: Line 210 says, "management fee payable."

Witness: Yes

Helen Eisner: Who was that payable to?

Witness: The Grayson Fund Management Company.

Helen Eisner: So, this 1700, I guess almost 1800 dollars under 210 ...

Witness: Mm-hmm (affirmative)

Helen Eisner: How was that paid? What was the mechanism?

Witness: If we decided to redeem it, which we didn't redeem the Master, the main payable, or the due to investment manager on a weekly basis. We redeemed it as needed, when we needed money in Master or the Management Company account to pay bills, including my salary. So when that happened, the money from the fund would have been kept with JP Morgan, or another entity, another custodian, and we would do a wider transfer from JP Morgan to SunTrust, which is where the Grayson Fund Management Company based account was held.

Helen Eisner: Okay. Line 206 says, "incentive fee payable."

Witness: Yes.

Helen Eisner: Who was that payable to?

Witness: The Grayson Fund General Partner.

Helen Eisner: Okay, and same question, really. What was the mechanism of payment for that fee?

Witness: The same. When we had a big fee payable to the General Partner, and we either needed the money or wanted the money, we would implement or issue wire transfers from the custodian, which was holding the 10 million dollars, if you want to just kind of speak in general terms, and we would wire it from JP Morgan to the General Partner account, which was also held at SunTrust.

Helen Eisner: So, I just want to make sure I understand this because earlier we talked a little bit about these fees, and it seemed like the management fee, as you were describing it, had a lot to do with operations and salaries and the start-up fees and general costs of operating the fund. Incentive fee seems closer to payment or profit as you described it earlier. So, when were decisions made as far as when these would be paid out? Specifically, the incentive fee. I guess I should clarify. When would that have been paid?

Witness: I don't have the dates of when we actually made the transfer. Remember, we only got the incentive fee if the fund made money. If the fund profited, and we also not only profited, but had a profit above what is called the high-water mark. So, if we lost 40% one quarter, and then we gained 10% the next quarter, we didn't get an incentive fee. We only got an incentive fee if we got that above the original investment, the original high-water mark.

So, in this case, like I said, we got a nice come-back at the end of 2013. So, there were fees payable ... there was an incentive fee that was due to the General Partner made by the Congressman, the kids Trust, and the Dorothy Trust - the

Mom's trust, and those would have been wired. I don't remember when we did it. I can't remember when we did it to be honest.

Helen Eisner: So, if we're looking at this balance sheet, and it says 15,083 dollars, would that money have been paid in December 2013? If it's on this sheet, does it reflect a payment that was actually made?

Witness: No, I believe that it would say this money is ready to be paid. In other words, that's what is due to the investment manager or to the General Partner. I believe there ... well, let's see ... 2013 ... I left in early 2014. I don't know ... I don't remember if that wire transfer would have been made in January before I left or not. I don't remember to be honest. But, it won't reflect that it was already done. My understanding is it reflects that it can be done because it is due to the General Partner.

Helen Eisner: What documents would reflect whether or not the payment was actually made?

Witness: Follow-up monthly reports. Or, certainly the bank documents of the General Partner.

Helen Eisner: And who would have access ...

Witness: They'll show if there was a deposit or a wire transfer of that amount, or roughly that amount.

Helen Eisner: Who would have access to those documents?

Witness: Whoever has access to the hedge-funds accounts or the hedge-fund office. There's been ... I know Carla has permission to access the general fund or the General Partner accounts on SunTrust or with SunTrust. I don't know. I mean, I'm assuming that it was transferred at some point. I just don't know when.

Helen Eisner: Okay. So, in your time at the Grayson Fund, were any incentive payments not just indicated on the balance sheets, but actually paid?

Witness: Yes, but I don't recall the amounts or the names.

Helen Eisner: Okay, same question for management fees. Were any management fees paid?

Witness: Yes, both. Those payables were made. The management company ones were made several times because there was a lot more money due to the investment manager, and when I say the investment manager, I mean the Management Company. There was a lot more money due to the Management Company because, as I mentioned earlier, the start-up costs... you take money from the hedge-fund and paid the basics back to the Management Company in addition to the management fees or whatever. Those were done on a much more regular basis. I mean, I did those, I don't know, 4 or 5 times over the course of that year and a half or so. The General Partner, I believe, once, maybe twice. And, it

wasn't a substantial amount of money because the fund just didn't make that much money in the time I was there.

Helen Eisner: Just a few more questions there. So, you told us earlier, that the investment manager would have been Grayson Fund Management Company. That \$43,000 listed, approximately 43,000, in line 205, what would that money have been?

Witness: It would have been almost ... the vast majority of it would have been money due to investment, to the Management Company, for the start-up costs, the amortized start-up costs, in addition to any ... expenses which are legally permitted to be paid for by the fund. In other words, the management company paid, I don't know fifteen thousand dollars to do the taxes for ... That is a legitimate fund expense that the Fund is legally permitted to pay for those fees, but the Management Company was one that actually wrote the check. So the Fund paid back the Management Company for expenses made on behalf of the Fund if that makes sense.

Helen Eisner: Okay. In line 103, organizational costs, what would those costs have been?

Witness: The organizational costs would have been the costs, the money that it cost to draft the subscription documents, the license, limited partner agreement, all the legal documents for the Cayman entities, you know I mentioned earlier, it was two to three hundred thousand dollars between our US counsel and Maples & Calder our offshore counsel, as well as the ... The website design, the office furniture, yeah so we've got a variety of things to be considered that are legally categorized as start up costs as opposed to for example salary is not a something that the Fund could reimburse. That would have to come out of the Management Company bank account every month and the Fund doesn't get, the Fund doesn't pay that back that's what that Management was supposed to cover. So rent for the apart- all of that, the electricity bill, the cable bill, the phone bill. Those kind of things are regular expenses that the Fund does not pay for but, there are certain expenses that are legally considered Fund expenses not Management company expenses.

Helen Eisner: Okay.

Paul Solis: What line items on this balance sheet would be representative of payments made to the Congressman for any work he performed as a manager?

Witness: Congressman Grayson never received any compensation for work he did.

Paul Solis: Okay so ...

Witness: He was never an employee if that's what you're asking.

Paul Solis: Okay so not necessarily where he got a paycheck but what line item would have gone for example to the Management Company that he could have drawn from for managing the funds?

Witness: He ... He never, none of the, I mean so the money due to the investment manager would go to Sun Trust, the management company at Sun Trust and from that I would write back to the landlord, to the company that hosts our website online, to whatever it might be, the attorney for regular legal advice regarding the Fund. The Congressman had a fifty percent ownership stake in the Management Company and a fifty percent ownership stake in a General Partnership. The General partner, excuse me, but he never to my knowledge, received any money from them.

Helen Eisner: Okay so we're trying to understand this. The General Partnership. . .

Paul Solis: And as you told us the General Partnership sort of reaps the profits made from the investments of the Fund right?

Witness: Reaps, the general partner ... twenty percent if the fund made money.

Paul Solis: Right so that's the, as you put it, the money making arm.

Witness: Correct.

Paul Solis: And that goes to the owners of the Fund, which is the seven entities including Representative Grayson.

Witness: That is correct.

Paul Solis: Okay. So that has nothing to do with management, that's just profit of the Fund.

Witness: Correct.

Paul Solis: So the fifty percent stake in the Management Company that Representative Grayson is entitled to, I guess what I'm asking is, of that fifty percent, is that reflected on this balance sheet, here, that fifty percent he would have received?

Witness: It's not reflected, he never received it. During my time at the Fund, the Management Company, I was the one, I had check signing privileges, permission if you will. The Management Company never wrote a check or gave proceeds to Congressman Grayson or the ownership entities during my time there.

The Management Company bled money while I was there. The Congressman and the other entities had to continue to contribute loan the Management Company money to keep the lights on until the hedge fund manager generated enough money through management fees or incentive allocations to pay the bills on their own.

Paul Solis: All right I'm understanding a little bit better now. So, during the entire time you were at the Fund, the, I just want to be very clear, Representative Grayson never received a payment from the management company of that fifty percent he's entitled to.

Witness: He never received a payment from the management company for any money due in fact he continued to contribute, the management company owes him a lot of money.

Helen Eisner: Oh let me jump in here if it's ... We recognize the management company from the forms that we've been provided did have some significant loss. But it seems that the General Partnership did have gain over this time period when you were at the company, so separate from, you said payments from the management company, payments to the general partnership from the Master Fund based on those incentive fee payments which according to the structure, would not have gone through the management company, were those payments made directly to Representative Grayson?

Witness: Okay so, yes there was, I don't really know the amount or the dates, there was one, one series of checks that I remember writing in and I'm sorry I don't remember the date, but I would've wrote a check to Congressman Grayson and to each of the trusts that are the ownership entity and have the other for their respective portion of the incentive allocation. I believe the money was immediately turned back around and sent to the Management Company because it needed money, but I can't, I'm not a hundred percent sure of that but there was one occasion that I can vaguely recall, that the General Partner paid out money that it had due to the ownership, to owners of the general partnership, yes. So I can think of one time, I don't remember the amount, it would have been, you'd be disappointed, it was this number. He would have gotten, 35 hundred dollars and the kids accounts, the kids trust and the mom's trust would've split the other 7500, but I don't remember the exact amounts.

Helen Eisner: All right. To move on a little bit, just one more ... and this is very detailed so we do appreciate that. Moving on to this income statement which is TJ3414 and ...

Witness: And this is for the LP yep.

Helen Eisner: This is for the LP again. There's a line here that says 'expense' under the expense section.

Witness: Yes.

Helen Eisner: What was that?

Witness: I don't remember specifically. It ... I don't remember it could have been an administration fee to the fund administrator, I just don't remember.

Helen Eisner: Who would have created these terms?

Witness: The Fund administrator created the ... The Fund administrator generally makes the statements, I just, I don't remember, I don't particularly know the details of that expense, I'm sorry I don't remember.

Helen Eisner: Okay and when you say Fund administrator, who are you referring to?

Witness: The company is called G&S Fund Services.

Helen Eisner: G - N - S?

Witness: G - & - S.

Helen Eisner: G and S okay.

Paul Solis: Fund services.

Helen Eisner: Okay. All right. I want to ask you some questions now about the Grayson Master Fund.

Witness: Okay.

Helen Eisner: So who were the investors in that fund?

Witness: The two feeders.

Helen Eisner: Okay. So, just going to move down here to this another SEC form D which is, THAG 215 through 218, so on page 217 here, it lists two investors ...

Witness: Yeah. Okay.

Helen Eisner: Okay. So was that, that reflects the two feeders?

Witness: Yeah I believe the flow chart that I sent to you shows that it's owned by or whatever, it's owned by the feeders or something like that and that's what I was referring to.

Helen Eisner: If you compare that to this next document, again sorry, it's sideways, TJ3409 I'll try to ...

Witness: It's okay.

Helen Eisner: This indicates, this shows just one entity here, the Grayson Fund LP.

Witness: Yes, because the Grayson Fund LP is the one that had about the nine million deposit, I can't speak exactly to what those numbers say. But the other entity, the offshore feeder, never had money in it, never had an investor so that's why it would look like that, there's nothing for it, it had no stake in it besides the name.

Helen Eisner: Okay that's helpful. So what were the holdings of the Master fund?

Witness: The holdings of the Master fund would have been whatever the feeder owned, or bought, or invested in.

Helen Eisner: So let me understand that, it's what the feeder bought, or was it what the master fund did with the funds that were fed into the Master?

Witness: Okay let me. I'm sorry, let me clarify, the Grayson Master Fund was the name of the account at like the brokerage account, the Grayson Fund LP or the Grayson Fund Cayman Ltd. or whatever its name was, that was where the monies were held that fed into the master fund. I think technically the master fund is the owner of the investments but that's kind of, it's semantics.

Helen Eisner: All right, well let's look at, let's look at some of these specific holdings. This is a balance sheet for the master fund and it's TJ 3407. So I don't think you, can you see that okay?

Witness: Yeah I can see it.

Helen Eisner: Okay so, the first of all, who managed these activities? We're looking at these different holdings, who managed these holdings?

Witness: What do you mean by managed?

Helen Eisner: Who was responsible for ... For tracking, and making decisions about these holdings?

Witness: About how the money was invested?

Helen Eisner: Yes.

Witness: Congressman Grayson.

Helen Eisner: Okay, so, it seems to indicate that there are at least two major holdings, there's Convergenx and then there's Interactive Brokers.

Witness: Yes.

Helen Eisner: What is Convergenx?

Witness: Okay. Let me be clear. Convergenx was not the investor. Convergenx was the brokerage firm from which we bought the investment. Convergenx was not ... We didn't invest in Convergenx. Convergenx was just ... We didn't invest in Interactive Brokers. Interactive Brokers was the one ... It would be like Ameritrade. Our money is with TD Ameritrade and within our TD Ameritrade account, we have, hold stock in X company, X company, X company, X company. That's what this is. This is saying that at Convergenx, we had our money and that money was cash or with one particular stock or another, and the rest of our money was being held by Interactive Brokers. Within that portfolio were all our other investments.

Helen Eisner: For that brokerage company. Where was that brokerage company located? Convergenx?

Witness: Convergenx is in Atlanta, I believe.

Helen Eisner: That individual brokerage account. Whose name was on that account? Was it an individual, was it the master fund?

Witness: No, it would have been a fund account. I believe it would have been the Grayson Master Fund or the Grayson Fund LP, or one of those types of ... Whatever the legal title they needed to create the account.

Helen Eisner: Okay. Who would have access to that account, to the account statements?

Witness: Myself, and the Congressman, the fund administrator, and the people at the respective brokerages.

Helen Eisner: How often would you monitor the portfolio for that account?

Witness: Monitor in so much as . . . several times a day for how we were doing. Were our stocks that we were invested in making money or losing money. I think specifically at this point, just to be clear, that Convergenx account, I think at this point only had cash, and all the investments were with IB, interactive brokers. I'm not 100% sure of that, but I believe that's true. With that being I would monitor daily, several times a day as to how our stocks were doing and how the markets were doing. That was part of my job.

Helen Eisner: Did the Congressmen also monitor daily?

Witness: Sure. Of course.

Helen Eisner: Let me just move down to TJ 3412. In this document, and like you said, cash was a large part of the holding. This VMS Ventures. What was that?

Witness: VMS is a company in Canada. A mining company, I believe. This specifically is what it is.

Helen Eisner: OK. Why was that the only holding?

Witness: For Convergenx?

Helen Eisner: For Convergenx.

Witness: We were originally with Convergenx, but the other things that the company wanted to invest in, he preferred the platform, the training platform of IB and IB brokers better, so we moved the stuff from Convergenx over to interactive brokers, but we had the stuff with the VMS stuff was already purchased and we had the agreement with them. We couldn't sell it at that time. It made no sense to move that over to Interactive Brokers so it stayed with Convergenx and the cash stayed with Convergenx and the rest of the money that was over with IB was invested in other position.

Helen Eisner: Okay. For IB, again, I'm assuming it's brokerage account. Where was that located?

Witness: I really don't know. It's a ... I don't know where their offices are. It's a brokerage that specializes in small investors that want to do it by the internet. They want to do it on their own computers and all of that. The Congressman liked to make his own trades quite frankly. That's what we went with. We were ... I don't remember exactly who gave us the referral, but I don't even know specifically where their bank was. I could tell by their area code, and by the other documents I've seen with the area code, I just don't know.

Helen Eisner: Okay. Do you remember meeting with any representatives from IB?

Witness: No. I talked on the phone with them if we had a technical problem a couple of times, but it was ... I spoke hardly ever with them. I spoke more with Convergex.

Helen Eisner: For this account, how actively was it monitored and managed?

Witness: Again, daily. We were ... He was on it almost always, almost every day, even if he were traveling That was our trading account. The vast majority of our trades were being conducted at that time. It would have been . . . [inaudible].

Helen Eisner: We can see again, continuing to look at this document 3412 that there were these long positions

Witness: Yes.

Helen Eisner: How were decisions made as far as the ...specifically for these long holdings?

Witness: The Congressman was responsible for the decisions, the long and short positions. I've had virtually no involvement in the investment of any of these positions.

Helen Eisner: Was there a particular interest that you were aware of in the precious metal sector at all with regard to these long holdings?

Witness: The Congressman thought they were good investments. It turned out not to be. But he liked . . . they were undervalued. They were in ...There were bad market conditions existing. He thought they were more valuable than the market capitalization at that time. He bought them, hoping the goal was to buy them low and wait until the market recovered. There was one company, I don't remember which one, was investigating about a new gold mine and if that gold mine would've hit, the stock would've been worth exponentially more. So, he would buy these with the intention of holding them for a long period of time until the market rebounded in those sectors and the company was a lot more prosperous, then sell them and make his money, which is kind of how he made his money over the 25 years.

Helen Eisner: That was the strategy for the longs, for the shorts I guess there would be a different trajectory for the entities over time, but was there a similar interest in the precious metal sector in gold, similar sectors?

Witness: The shorts were incredibly complex. I quite honestly still don't understand them. They were market ... They didn't just have market ...XIV, VIX, these kinds of things, were based on the mood of the market and stuff, it was very weird, very strange stuff. I believe there were short about gold ...I don't even know, that's right, I don't think they were shorting any mineral companies. I don't believe he did any of that. All the long and shorts were these very obscure market indexes that all functioned in similar ways the he did hours and hours of research, and figured out what he thought was a strategy that would be profitable, investing in these and betting that they would go down based on analysis of what they did in the past.

Helen Eisner: Okay. So, these are sort of the principals, as you explained to us he liked interactive brokers as a company. Convergenx was the other one. Were there any other brokerage companies that the Master Fund worked with? It seems like these are the principal ones on the documents you provided.

Witness: I don't think there were any others. There was J.P Morgan, but that was the ... what's called the custodian. They were the ones that held all the money. We started with Convergenx, bought out IB, I believe that was it.

Helen Eisner: Okay. Moving on now to TJ 3407. Looking at line 103 where it says organizational costs. You explained this to us a bit, for the Fund LP. Can you tell us what the organizational costs were there?

Witness: The same thing. The Management Company, for the fund ... The organizational costs were amortized over time and the Master Fund bore a different percentage of responsibility than LP or the offshore feeder based on whatever the fund administrator told us were the right percentages. The organizational costs are similar. The organizational costs, I believe this is correct. The organizational costs at \$75,000, I believe would have included the organizational costs we saw because the fund was part of a master fund.

Helen Eisner: So it would have included the costs that we saw previously recorded for the Fund LP?

Witness: I believe that is correct.

Helen Eisner: Okay. What would the additional cost have been over that amount?

Witness: Over what amount? The final...

Helen Eisner: The organizational. Yes, the organizational costs that represent the difference between those for the Grayson Fund and LP?

Witness: It's the same thing, it's just that the Master Fund was also responsible for a portion of it. The Master Fund was responsible for a portion. LP would have been responsible for a smaller portion, but within [inaudible].

Helen Eisner: Okay. I see. For line 203 there, it says investment manager. Is the investment manager Grayson Fund management company?

Witness: Yes, this is the same setup.

Helen Eisner: Okay. In 204 where it says accrued liabilities, can you explain that to us?

Witness: I have no idea. It could be ... I don't remember what those are. I'm sorry, I don't know if there's more details in the statement, I don't think so. I don't know what those were.

Helen Eisner: Can you think of any liabilities that the Master Fund would have had that could've contributed to that? Any expenditures that would've created that?

Witness: No, There weren't any ... I'm just reading this again. The liability, for example, one of the liabilities would be ... They forecast what the costs for the taxes would be, that we would have to pay at the end of the year. If you would've seen, I'm assuming that you would've looked over other statements from prior months, you would've seen that slowly going up. The accrued liabilities could be money that was set aside to pay the taxes at the end of 2013 in 2014. That would be an example of something that would come to mind we did. It was considered a liability that they accounted for monthly instead of having it all paid in one month for the purposes of making sure the returns look appropriate.

Helen Eisner: All right. Going to continue to ask you about some line items here. Actually I'm going to jump forward a second to TJ 3408, which is an income statement for the Master Fund. There's a section on expenses and, again, I want to ask you about where it says expense and \$55,000, which is three down from the expense heading. Do you know what that would have been?

Witness: Actually, you know what I do think it was. I believe it was . . . I'll just see this. this? So some of the investments that the Congressman did, the fund did, carried with them fees. There were, I'm not a market guru, but when you short something there's a fee that comes along with shorting based on the amount you're shorting and time and all of that kind of stuff. Those fees are considered expenses. They're not considered losses. They're not considered necessarily overall performance. The fund administrator certainly could explain more about this. Any fund administrator could explain more about this or someone in the markets, but the shorts come with them, certain fees and you've got how much you invest, when you invest, how much you're borrowing over, what's the word, not margin ... There's a phrase, I'm sorry and I'm not a market guru, but you can borrow more than ... You can work with more than you have and you pay interest or something on what you're working with above what you actually have.

Helen Eisner: Right.

Witness: That's why you see like \$17 million. The fund didn't have \$17 million. The fund had like nine but they were permitted to use up to seventeen or whatever it was and you had to pay interest on it. Again, there's a phrase, there's a simple term I just can't remember it, that could have been considered part of this expense report.

Helen Eisner: Okay, that's actually a perfect segue, because I wanted to ask you some questions about that. Looking at 3408 here, we see the margin interest expense there for over \$300,000.

Witness: Margin, margin, thank you.

Helen Eisner: I think you said it. We understood what you were saying. Then looking back at 3407, TJ 3407, you can see that it lists about \$18 million in assets. We know that looks like what was coming in was about \$9 million and it says there's this Interactive Broker's liability under section 200 there, lists the liability for about \$8.3 million.

Witness: Yeah.

Helen Eisner: That leads to ... With that background and understanding that leads to my question of how was the fund leveraged?

Witness: How was the fund leveraged? Interactive Brokers allowed a certain amount of leverage based on whatever the laws were. I don't know. I don't know how it was done. These were very complex investments that the Congressman knew what he was doing in that regard, but interactive brokers allowed us to invest X number of dollars based on the amount of money we had in our account and the Congressman decided when to use that leverage and when to you know, use more, use less, reduce, expand, whatever.

Helen Eisner: The margin alone itself was from Interactive Brokers?

Witness: Looking at this I would say ...

Helen Eisner: I'm just trying to understand if there was any other entity that was the source of margin loans for the fund?

Witness: I'm not aware of any others. We were only dealing with Convergenx and Interactive Brokers, I don't know who else would have given margins because we had money as I recall.

Helen Eisner: The loan, I mean this is a significant loan we're talking about here, this was given to the master fund?

Witness: No, no, no. Let me be clear. It's not a loan. It's not like it was \$10 million as a loan and that we signed documents for, it's just the way the markets work. You can leverage ... I don't know how it's done. I'll be honest, the Congressman does. He can answer those questions. Any good stockbroker could tell you that. When you have a certain amount of money, you're allowed to do more than you ... Depending on what you're investing in, you can leverage more than you would actually have and, based on how much you're using, you have to pay interest on it and there's fees that go along with it. Interactive brokers, based on their algorithms or whatever . . . we can use more than \$9 million or \$10 million or \$8 million and the Congressman decided how much of that to use and when.

Helen Eisner: We definitely, we have an understanding of the impact of the margin trading that was going on here, just trying to get a sense of, for Interactive Brokers, that was the source of the ... There was no separate agreement that had to do with this leveraging approach. This was a part of your initial understanding with Interactive Brokers? Was there any separate agreement or ...

Witness: I'm not aware of any separate agreement. The Congressman liked to work with Interactive Brokers, when I say allowed him to do, I don't mean that in a sinister way, I'm saying that he liked the way the interface worked. He liked the way that he could fund, the way he found what he was looking for. He liked how they computed and what their fees were. Interactive brokers was the one that permitted us to do the things that he wanted to do.

Helen Eisner: Was there ...

Witness: I don't know how else to describe it. You like, TD Ameritrade over Merrill Lynch, you like the way Ameritrade does it more than Merrill Lynch. I just don't know how it came to that but I'm not aware of any other entity besides IB and Convergenx that we were working with on any, at all, to handle investments in the fund, besides JP Morgan which was the custodian.

Helen Eisner: What collateral existed for that approach? For the margins, was there any collateral for the margin?

Witness: The \$10 million that was originally invested, for ... \$10 million, \$100,000 if you consider [REDACTED] money.

Helen Eisner: Moving on to TJ3410 here. The fund started the year with about \$9.6 million in equity and it went down to just over \$8 million at the start of the fourth quarter, so that was a 17% loss during that time period, about nine months. Do you know what happened?

Witness: The investments, that we made, they died. I mean, the gold mine, do you remember the investments in minerals tanked. The price of silver plummeted. Something that hadn't happened in 30 years, that type of depression in gold and silver prices. We just got walloped.

Helen Eisner: Then we can see that there was ultimately a profit for the year. Do you know which specific investments results that upward swing?

Witness: No but I believe the documents that I included in here show the returns of each of the individual investments which is why I wanted to make sure that they were protected by confidentiality. That would certain ... the snapshot as to what happened and when.

Helen Eisner: I want to move on now for the Grayson Fund Cayman, the off-shore feeder, just to sort of complete those three there, central entities. You've mentioned this already but the forms, and I'll scroll down, SEC forms which is THAG0196 through 99, specifically we're going to look at 0198 here. Indicates that zero was sold. Who were the investors in this fund?

Witness: There were no investors. We never had any money in the Grayson Fund Cayman. It was set up in the hopes that someday there would be investors but we never had any investors.

Helen Eisner: Did you reach to foreign investors?

Witness: No.

Helen Eisner: Okay.

Witness: We couldn't even reach ... We didn't even reach out to domestic investors. It just wasn't the priority for him, unfortunately. I wanted it to be a priority but he was ... There were a lot of things going on. He's a very busy man. He's got a lot of responsibilities and other things and the answer is no. Never reached out to any foreign entities to become investors.

Helen Eisner: Okay, do you know who the current investors are in the fund?

Witness: I don't know. No, I don't know if they didn't have any when I left and I would be shocked if they had any now.

Helen Eisner: We're going to ... I'm going to ask you some questions about the general partner.

Witness: Sure.

Helen Eisner: Move on here a little bit. Actually, here we are at TJ_0072, which is a K-1 form for the general partner. Were you involved in the beginning stages in the creation of this particular entity? The General Partner?

Witness: Yeah, it was part of the structure that I gave you the flowchart. Yes, in the creation of all of them.

Helen Eisner: Okay, so from this form it looks like in 2012 ... Let's make sure that ... it derived over \$180,000 in income and I'm getting that by looking at the percentage interest for this individual partner and doubling that. You can see, I think you provided the K-1 forms for all the individual partners, for this time period.

Witness: Okay.

Helen Eisner: What was the source of that income?

Witness: The source of the general partner income is the incentive allocations.

Helen Eisner: Okay, so in 2012 there were approximately, the payout was approximately \$180,000 in incentive fee allocation?

Witness: I don't remember specifically. That seems reasonable based on ... this, as I was saying, I can't make out exactly what those lines are saying, there's 93,000, there's 92,000, so that to me means that if that was the total amount of incentive

allocations due to the general partner. I don't believe they actually drew out that money, all of that money, but that was the amount.

Helen Eisner: When it says, in box 19, which is towards the right-hand bottom corner there, distributions.

Witness: Right-hand corner?

Helen Eisner: Toward . . .

Witness: Oh distributions.

Helen Eisner: Yes, box 19, it says 92,000, so distributions, would that reflect what was actually paid out?

Witness: I would think so. I don't remember distributing that much money but that seems right.

Helen Eisner: Box 14, a little further down, it says self-employment earnings about 93,000. What does that mean? Self-employment earnings?

Witness: This was actually, I believe this was redone because ... The Congressman was very clear about this, he didn't actually receive money ... And this was created ... Understand that this was done by a local accountant, Jerry [inaudible] was his name, but Alan Grayson, this wasn't employment earnings. The IRS would certainly have the final documents. I don't. I gave you what I had. This is money that would have been distributed, but it was originally, I do remember it being originally miscategorized as earnings because the Congressman wasn't paid for his work. He was an owner of a general partner, but he wasn't actually paid for anything he did, whether the fund made money or lost money. He just made money when, if, the general partner made money, in the same way the kids and the mom's trust did.

Helen Eisner: So if this was miscategorized, were there updated forms?

Witness: I'm almost positive there were. I don't have them because if I did I would have supplied them, but I'm almost positive that the final K-1 from 2012 did not include the self-employment earnings because the Congressman was not employed, he was not paid, by the General Partner, or by any entity involved in the fund.

Paul Solis: Do you recall the Congressman seeing that and then asking for that correction?

Witness: I remember the Congressman seeing that and wanting clarification as to whether that should be categorized that way. I believe I reached out to the accountant, both the fund accountant, meaning McGadrey, and the local accountant. Ultimately, I'm almost positive that the final K-1 did not have that listed as self-employment earnings, and rightly so, because he was not employed by the General Partner.

Helen Eisner: Is there a reason why you would have this form but not the final form?

Witness: Probably because most of the time, the Congressman and or the accountant or whatnot emailed me at the correct email address, which was [REDACTED] I believe if you look at these threads, the Congressman may have sent this to me, or I may have sent this to him, but he responded to my [REDACTED] account. This makes sense in my own head that when you're going to send an email, and you start typing Former Grayson Fund Vice President of Investor Relations, and the first address that pops up might be the personal address versus the business address. I'm sure that's happened to you at one point or another. That's what happened, which is how, quite frankly, I have a lot of these documents. All of these, to be with the Grayson Fund, not with [REDACTED] I gave you what was from [REDACTED] because you guys have a right to it under the rules of the OCE.

Helen Eisner: Sure, sure. No, we appreciate that. Just trying to get a sense of the completeness of these documents and understanding what's out there. I know there were partnership forms for the other limited partners here. Would the same change have been made? Was there considered any type of mischaracterization for the children or for the separate trust, as far as this section, self-employment earnings?

Witness: I'd have to see them. I don't remember. I don't recall that, but I don't remember.

Helen Eisner: Okay, and just so ... We understand, and we appreciate that you've given us these K-1s for 2012. Do you have them for 2013 or for any of the other years?

Witness: No, because I was not employed in 2014 when they would have been generated, and they're not in my account. I did a billion different ways of searching for everything that I had. That's an exaggeration of course, but I searched for what I had in the best way that I could, and I did have 2011, but I didn't have 2012.

Helen Eisner: Okay. We understand that. Some questions about the Grayson Fund Management Company. I know we've talked about it quite a bit. I just want to understand. We've talked about the funding that came from the Grayson Fund LP and from the Master Fund to the Management Company, but if you could just help us understand how the Management Company was funded in general.

Witness: The Management Company was funded in equal, not equal, by the Congressman, by the trust of the kids and the trust of the mother, in relation to their ownership positions. The Congressman owned 50% of the Management Company, so when the Management Company needed money, if they needed to contribute \$100,000 in the next three months, the Congressman contributed fifty percent of that, each of the trusts contributed 9,900 of it, and the Dorothy Trust contributed 500 of it because that is the ownership percentage of the management. They were loaned by them to the management company. I have no idea [inaudible].

Paul Solis: That's how you were paid, right?

Witness: I was paid by the Management Company, that's correct.

Paul Solis: Did you ever miss a payment because the Management Company didn't have enough funds?

Witness: No.

Helen Eisner: Let me show you this next document, which is related to the Management Company, which you provided, which is TJ_0086. This is a K-1 form for the Management Company. I'll give you a quick second to look at that.

Witness: Okay.

Helen Eisner: I want to ask you, again, about that same box, fourteen, just towards the bottom, where it says, "self-employment earnings." There's a loss there, but we talked about that characterization. Can you explain what these self-employment earnings were?

Witness: Again, I think it's the same situation. I'm not 100% sure of it, I would have to see the actual returns from the accountant. I don't know. If you look at this, between minus 140,000 and 92,000, there was actually a net loss, but I'm almost positive that, again, this was also corrected because there were no employment earnings because he wasn't employed. They would have gone for the Trust where the owners were, instead of Alan Grayson, it would have been whatever the official title of the kids' trust were, or the Dorothy Trust.

Helen Eisner: Okay. You touched on this earlier. You talked about Grayson Consulting initially, being the source of your paycheck, before Grayson Management Company was established.

Witness: Yes.

Helen Eisner: What's your understanding of the role that Grayson Consulting played in Grayson Management Company, and in Grayson, the entire hedge fund structure?

Witness: There was really no relationship, no involvement. Grayson Consulting entity that, I quite frankly didn't know existed before I started working to create the hedge fund. In other words, working after the Congressional office. When the time came for me to start getting paid for the work I was doing with the Congressman to start the hedge fund, he informed Carla Coleman that I should be paid by Grayson Consulting until the fund got started. Grayson Consulting, I don't know if there's an employee. I don't know what the structure is, I know nothing about it besides the fact that it gave me a paycheck for, I don't know, six months or something, until the fund got up and running, and I started getting my paycheck from the Grayson Fund Management Group.

Helen Eisner: Understood. Grayson Family Partnership LLP, we've looked at this chart previously, but this is an entity that does not appear on that chart. What is the Family Partnership?

Witness: I think I submitted the documents. The Grayson Family Partnership was created, again, I think we talked about this earlier, in late 2011 I believe, and it's a tax-

planning device that the Congressman has his estate planners, and if I remember correctly, there was a lot of uncertainty about how estate taxes were going to work in the future, with the new Congress and the President and all that. There was a large push among a lot of people from what I remember, to create new estate planning entities, and figure out how they're going to . . . He created, with legal advice, this, and then it became part of the owner of the hedge fund.

Helen Eisner: So who were the partners in the -

Witness: I'm sorry, it became an investor in the hedge fund, not an owner in the hedge fund.

Helen Eisner: Who were the partners in this family partnership?

Witness: I don't remember all of them. I believe it was the Congressman and his now ex-wife, but I don't remember specifically the ownership structure. I just don't remember. I think he owned like a small part and she owned a large part, but I don't remember specifically.

Helen Eisner: As we understand it, the ownership broke down to about 2% of the Congressman, and 98% for the Lolita Grayson Carson Irrevocable Family Trust.

Witness: That sounds right.

Helen Eisner: What was that family trust?

Witness: The family trust was something that he created with the advice of his estate attorneys, to help begin the process of the family . . . had back to 30 million dollars or whatever it was. He was getting to a point where he wanted to start trying to figure out the best ways to distribute that money among his family over a long period of time, so that death taxes, estate taxes, all that, would be less of an impact if he passed away. It was just created as an estate planning tool. I don't know what more about it than that. He just wanted to make sure this was created so that he could start . . . This didn't all have to do with the hedge fund. They owned houses and the houses were a part of it. Of course it had money, it had . . . It was an estate planning tool.

Helen Eisner: Do you know when it was created?

Witness: I'm almost positive it was physically created, the documents were signed, in late December 2011. I kind of remember a frenzy getting all the documents signed, getting people to sign things, and getting notarized and all of that kind of stuff. So late 2011, if I remember correctly.

Helen Eisner: You talked about it as estate planning. Do you know what the value was of the family partnership?

Witness: Uh . . . I think there was about six million in cash, and properties. They had houses, their house in Virginia, their house in Orlando, there's a house in West

Virginia. I believe they were all part of it, but I'm not 100% sure of the dollar amount, and the properties. I remember the Virginia house and the West Virginia house. I can't remember if the Orlando house was part of it at all.

Helen Eisner: I want to ask you some specifics about that. We understand, and I'll just scroll down to, these were documents you provided ... I'll go further. Here we are. TJ_3445, 3446, that at some point in late 2012 you became the trustee of the Lolita Carson Trust here.

Witness: I'm sorry, I'm sorry. I said 2011. I looked and it was 2012, it was not 2011, for the . . . I'm sorry.

Helen Eisner: We can see that you became the trustee in 2012, but-

Witness: End of 2012.

Helen Eisner: It could have been created before then, so I don't know if you are basing that new ... the date on the fact that this says 2012, or is it still your understanding that it was created in 2011?

Witness: No, it was 2012. Sorry, I misspoke. It was 2012 when all that frenzy I talked about. It was in late 2012, not 2011.

Helen Eisner: Do you know why it was created at that point in time, specifically?

Witness: That's what I was talking about earlier. You could probably pull news articles about it, but there was a lot of uncertainty as far as how the tax future for estate planning for estate taxes and benefits and all that were going on, and so there was this push to reallocate money within wealthy families so that the tax burden upon death would be less.

Helen Eisner: There was emphasis on making sure it was created before 2013. That was part of the process?

Witness: Yes. There was ... He was doing a lot of what I remember a lot of people doing which was reorganizing their estate as a tool, so that the tax burden would be lower in the long run.

Helen Eisner: And why did you become ...

Witness: I don't know the short run, but certainly in the long.

Helen Eisner: And how did you become the trustee of this trust?

Witness: He trusted me. There weren't other people that he trusted to do this, he didn't ... his mom was elderly. He didn't have strong family relationships with his immediate family. Again, I worked with him for a long time. He trusted me. He knew I was level-headed and I would do a good job taking care of the family if it ever came to that. That's why he asked me. And I spoke about it with my wife

and, there is consideration because in the long run could be a very important decision, and in the end we decided to do it.

Helen Eisner: Are you still the trustee?

Witness: No.

Helen Eisner: Do you know who is currently is the trustee?

Witness: I believe Carla Coleman, but don't know that for a fact.

Helen Eisner: And, as trustee, did you have access to information about the value or investments of the trust?

Witness: Yes.

Helen Eisner: Okay, and that's what you were basing the \$6 million estimate on?

Witness: That's correct. I submitted ... I gave you documents, I think, that had to do with the trust, or I don't know if it was the trust or trust return, or something on that lines. I really didn't do that much once I was actually the trustee, but there was a limited block of cash and there were houses, that's what was the trust when I became trustee.

Helen Eisner: Did the ... so beyond the houses, but did the trust invest in anything besides the fund?

Witness: Not that I'm aware of.

Helen Eisner: Okay. And you would have been aware of that?

Witness: Well, yeah, I was an authorized signature, so yeah.

Helen Eisner: The trust; who does it benefit?

Witness: It benefits the five kids. Between Lolita and Alan Grayson.

Helen Eisner: Anyone else? Does it benefit Lolita?

Witness: I don't think Lolita gets any of it, and I don't think his mom gets any of it.

Helen Eisner: Okay. So, the property that we were talking about ... Actually, I'll just scroll down to THAG 0404 here, and it mentions these two different contribution properties. This is a document related to the family partnership, but there's this discussion here of these two properties that would be gifted to Lolita Carson Grayson, and then contributed to the partnership?

Witness: Yes. Yeah, it was quite confusing as far as who owned what because the family partnership - I think, if I remember correctly - the family partnership was 98%

owned by the Lolita Carson Grayson Irrevocable Trust, and 2% was owned by Alan Grayson. Even at 98%, there was this \$6 million in houses, so I can remember having conversations: "who pays the real estate taxes? Is it the family partnership, is it the irrevocable trust?" It was quite confusing. A lot of things he did were quite confusing.

Helen Eisner: Do you know what the value was, ultimately, of these ... because it says "value to be determined by appraisal," under that subsection 2 there. Do you know what the value was approximately?

Witness: I don't remember the value of those houses. I just don't remember specifically what they were. I'm sorry.

Helen Eisner: Understood. Understood. One more ... well, a few small questions about the family partnership here. So, this is a tax form for the family partnership. It's THAG2070, actually, through 74. I'll just give you a second to look at that, but the relevant page I want to look at is 74. So, basically, this is a 2012 form, and I'll show you that on ... here we are, on page THAG 2074 - and it might be very fine print there - but it says at the bottom under 9, it says "list income," and this would be income for the family partnership totaling about \$322,000.

Witness: Yes.

Helen Eisner: So, what was the source of that income?

Witness: I don't know. I wasn't involved ... I didn't get involved in the family partnership. I did the trust, but ... Congressman Grayson was the general partner of the family partnership, and so I was the trustee of the trust. I don't remember specifically, but I think, ... the family ... well, I'd have to look at the Grayson Fund accounts as to whether the family partnership took over ownership of the fund at the end of November before the end of December ... in income ... with appreciation of the holdings. That may have been what it is, but I don't know that for a fact.

Helen Eisner: So, if the trust, the Lolita Carson Grayson trust had about 98% interest in the family partnership, presumably a large percentage of this \$322,000 would have been reflected as far as income to the trust. I know that you had just taken over the trust at this point at the end of 2012, but for 2013 accounting purposes, does that \$322,000 reflect income that came to the trust?

Witness: I don't know. This was on paper. The only account I had was a bank account for the irrevocable trust that had like \$10,000.00 in it or something. Money to cover attorney, to cover accounting, to cover frankly my, but I don't remember, or I wasn't aware if money from the partnership physically went to the trust where ... there wasn't a bank account with the trust that I had access to that had \$6 million in it. That's not what it is. The trust was signed over to the family partnership. So, this is all on paper. It never actually was stroking a check for \$322,000 or something like that.

Helen Eisner: Okay. So, the trust was signed over to the family ... well, the trust made the \$6 million investment, or, I'm sorry. The trust made investment in the family

partnership. The family partnership, in turn, made a \$6 million investment into the fund.

Witness: In the fund. That's correct.

Helen Eisner: So, what you're saying is, legally, the trust was subsumed by the family partnership? Or, are you saying that there were no separate accounts? I'm trying to understand this account statement idea, that there wouldn't be a separate record of the trust itself.

Witness: You said "legally," and all of a sudden I have no idea. Please understand. These were incredibly complex structures. I, as I mentioned earlier, they had trouble just saying I was proxy of the trust. I had to ...to the estate planner to get clarification on things. I don't know specifically what it required to do, or what they had to do, or what they didn't. All I know is that I was the trustee and there was a bank account at some trust that had a nominal, in relation to these numbers, a nominal amount of money from which I paid the taxes, the property taxes for the house, or an attorney's fee, or something along lines.

Helen Eisner: Let me ask you ...

Witness: I looked at 10 checks at the time that I was the trustee.

Helen Eisner: Let me ask you ...

Witness: And the account did not have \$322,000.00 in it, or anything even close to that.

Helen Eisner: One final question about the trust then. What access did Representative Grayson have to financial information about the trust?

Witness: About the trust?

Helen Eisner: To those accounts that you had, to any of its investment information in the family partnership. Would he have had access?

Witness: He was the general partner of the partnership, so knew what was happening to that money because he was the one ... he was the general partner of it. So, he knew ... that \$6 million, he knew exactly what was happening to it, because that \$6 million was invested in hedge fund and he was the one making decisions about what to do with the money in the hedge fund. He knew exactly what was happening with the houses because he was an owner, well he was the owner of the house and now it's owned by the trust, which is now signed over to the family partnership, and he's the general partner of that partnership. So, he knew about all of it.

Helen Eisner: Okay. For the purposes of time, I want to let you know that we're moving ... we've got, just I've got about two pages left in my outline here. So, I'd be very ... we appreciate it and I know that you just want to fit it all in today so that you can go off on your travels, so we'll just continue to move through if that's okay?

Witness: Sure. Thanks.

Helen Eisner: So, I'll go to TJ 3323, and I'll give you a second to look at this and just familiarize yourself with the document.

Witness: Okay.

Helen Eisner: So, this relates to these UTMA accounts. And you had talked about this a little earlier and I wanted to ask some questions about these gifts of \$9,900.00. So, why were these gifts given to the children?

Witness: Okay, so for tax planning purposes, I believe the IRS limit that parents can give to their kids every year, tax free, is \$13,000, like maybe \$14,000. And so, the Congressman set up the UTMAs for each of the kids so that those entities could be part owners of the fund, and the general partner and of the management companies, with the intention of long term, the money that the fund was making would in end not go to the Congressman, but to the kids, and then there'd be tax implications, so on and so forth. So the Congressman set up the UTMAs, he was legally permitted to give whatever the amount was, \$13,000 a year or what not.

The UTMAs, and along with the Congressman and the Dorothy Trust, the mom's trust, which was set up for a similar purpose, would then loan a portion or all of that \$13,000 to the management company for operational expenses with the intention of when the fund became much more profitable, the UTMAs would be paid back. That money eventually would grow and grow and grow and grow and ...would become the kids' money, as opposed to having him die with \$30 million dollars in the bank and then having to pay estate taxes.

Helen Eisner: One point of clarification-you keep saying the Dorothy Trust. Do you mean the...what's the name of that trust?

Witness: It's in the documents I sent. The Dorothy Grayson Revocable Trust or the Revocable Trust of Dorothy M. Grayson or something like that. It's the minority owner, it's the 1/2 of 1% owner in both the management company and the general partner.

Helen Eisner: Thank you for that. I just wanted to make sure we're on the same page there. In this email here you can see that there was first this gift of the \$9,900, and then moving on there's a second check made to each of the children for \$990. Why were they separated? Why wasn't it just one single payment?

Witness: You remember I...about the money that was needed to be sent to the management company for it to operate. One time it was \$100,000 for, well in this case the \$9900. Yes, that's right. One time it was \$100,000, so the Congressman put \$50,000 dollars in, each of the UTMAs put \$9,900 in, and the Dorothy Trust \$500. That's a \$100,000 total broken by their respective ownership percentages. Another time they did \$50,000, or \$10,000. In this case, the \$10,000 would have been \$5,000 from the Congressman, \$9,900 each from each of the kids, or \$990 each from each of the kids and \$50 from the Dorothy Trust. One time they loaned

\$100,000. One time they loaned \$10,000. One time they loaned \$50,000 depending on how much it needed at that time.

Paul Solis: Could you say that one more time? Depending on how much what?

Witness: Depending on how much the management company needed at that particular time and how much money was liquid in the Congressman's account, the kids' account, the Dorothy account.

Helen Eisner: I want to ask you some questions about...you were involved until January 2014. As we understand it, the Congressman was re-elected in late 2012 to serve a second term in Congress.

Witness: Correct.

Helen Eisner: How did this re-election affect the funds?

Witness: The funds? The fund or the funds? What do you mean by funds?

Helen Eisner: How about the operations of the fund. Were there any changes...I'll say that in plural, the funds, the operations of the funds in general. How did the re-election impact operations for the funds? Was there any impact?

Witness: There's only one fund, just to be clear. There's only one fund. There are two feeders and then there is the management company and the general partner. There is only one fund. The practical implication was he just didn't pay as much attention. We didn't have the opportunity to sell to investors or present to investors, sells not the right word, but present the fund to investors to try and get investors in the fund.

He trade like he was before, but he also traded from his personal account. Let's remember, this is all his money. He had a vested interest in all this ...because this was his money. A very very small percentage, that \$100,000, was someone else's money. He would pay attention, he would trade and all that, but it was quite slow, quite frankly, for me.

Helen Eisner: One of the documents I'll go to right now...this is a section, TJ 0510, the private placement memo from February 26, 2013. This final paragraph here includes some information about conflicts of interest and obligations as a Member of Congress. I'll let you quickly look at that.

Witness: Okay.

Helen Eisner: These obligations particularly with reference to the STOCK Act and certain requirements that the STOCK Act may impose...what conversations did you have with the Congressman about those obligations?

Witness: There was communication between our attorneys, the brokers, the fund administrator, the accountant and the Congressman, SEC attorneys about this.

There were a lot of people discussing this and making sure that it was done by the book. You've got the SEC attorney, you've got Holland & Knight, you've got Maples and Calder, you've got Akerman, you've got the fund administrator and the Congressman. There were a lot of people talking because they wanted to make sure they got it right. I think they did from what I can glean. I shared these documents with the attorneys as I was legally permitted to do so that they could understand the phrasing, the terminology.

The fund attorneys were working and speaking with the congressional attorneys to make sure that the people that are experts in federal election law and federal congressional disclosure law, to make sure that they knew what we did and didn't have to legally disclose, and how we would disclose it. There were conversations on the financial disclosure forms and what that would look like and how specific they had to be. It was very well covered.

Helen Eisner: It was very well covered. Were there particular policies or practices that were put in place?

Witness: From the fund perspective?

Helen Eisner: From the fund perspective, yes.

Witness: There were these types of disclosures. Fortunately, the fund was restricted from providing a lot of information anyway. As I told you in our emails when I was originally withholding documents, we can't hold the fund out. We can't just advertise it to anyone. We were bound by certain obligations according to federal law and SEC regulations to keep things private, for lack of a better word. We also knew that there were going to be requirements that the Congressman had in place once he got re-elected that we didn't have when we first started drafting the documents.

They were not drafted, I don't believe they were drafted with this contingency. I think as the introductory says, it says it's in effect in January 2013. This was revamped after we went and spent \$100,000 drafting these documents. We spent a lot more money redrafting the documents so that they included the disclosures that were required legally, so that investors knew exactly what the situation was with the responsibility the Congressman had under the STOCK Act and financial disclosure.

Helen Eisner: Let me be specific. I appreciate that there are certain requirements with regards to investors and fund documents and what would be held out or kept confidential as far as these types of documents, documents produced by a fund for investors; for the SEC. I'm wondering what practices were put in place to comply with the STOCK Act and reporting requirements that might apply to the Congressman, because when he entered Congress for his second term, specifically, not with regards to fund documents, but separate reporting requirements imposed as a Member of Congress.

Witness: I was not involved in the congressional office during the second term. I really can't answer that. I don't even think I saw financial disclosures from his second term. I just don't know because I wasn't part of the congressional office.

Paul Solis: I guess what we're trying to get at is, we understand you're not part of the congressional office. You didn't have responsibilities of filing STOCK Act forms or financial disclosure forms. We totally understand that, but because you were in this position with the Fund...did you have to provide information to those lawyers who were helping prepare Representative Grayson to disclose under the STOCK Act or disclose under congressional rules? Did they ask you for information so that they could go about that?

Witness: If memory serves, the Congressman actually did all the financial disclosures himself. They may have been handwritten. I don't remember. I remember some handwritten ones when he was in office first time.

Paul Solis: They are handwritten.

Witness: I don't know if they are more complex because of the fund the second term. He had access to all those. I don't remember specifically having to provide additional information to the Congressman or the FEC attorneys, or whoever was handling it because he had access to all that. He was the one that, as I remember, normally he was the one doing them in the first place.

Paul Solis: Okay.

Helen Eisner: Moving on to a few more entities. The entity AMG Trust...do you know what that entity is?

Witness: I have no idea.

Helen Eisner: Does it ring a bell if we say it was based in the Cook Islands?

Witness: In the Cook Islands? I know that he visited the Cook Islands. I don't remember what businesses he had there or what entities he had. It doesn't surprise me that it's in the Cook Islands, but it could have been in the Isle of Man. I don't know anything about what he did or the structure or who's a part of it.

Helen Eisner: Okay that's fine. Trying to see if you have any knowledge here about these. Another one GSA Telecommunications Trust.

Witness: Again, that was something that I got introduced to briefly in 2013 maybe, because he had a bank account for it, but I don't know what it is really.

Helen Eisner: United Mobile Technologies, Incorporated?

Witness: No idea.

Helen Eisner: What was your involvement in Mr. Grayson's law firms?

Witness: I had no official involvement. I know that he was a partner with Victor Kubli. I know that he had another associate named Allison...I can't remember her name. I know before the firm closed eventually, the firm was involved in some big court cases involving government contractors and whistle blowers. I had no official role and I never received a paycheck from it. I know that Grayson and Kubli existed, and that became Grayson Law Center which I think eventually closed.

Helen Eisner: Okay, this email here, if I can scroll down, this is TJ 0024-25. I'll give you a second to look at it.

Witness: Yeah, this was ... Yeah, I put out a news release about the award or whatnot the judgment.

Helen Eisner: Okay, I want to make sure I understand. Did you put out a news release?

Witness: I wrote a news release about that. That's correct.

Helen Eisner: Okay, and why was the judgment or the settlement related to your work for the fund?

Witness: It wasn't related to the work for the fund. It was at this point when I was working as the consultant, the media consultant, communications director of the campaign. We put out a campaign news release about it.

Helen Eisner: I see. Okay, so it was related to the campaign?

Witness: Correct.

Helen Eisner: The entity, Florida Save Our Shores, what is Florida Save Our Shores?

Witness: Yeah. It's a entity that, the thing never really got off the ground. It was created in '12 or '13 with the intention of becoming a charity to raise money for environmental causes, and in turn, be able to use those to protect the environment. Never happened.

Helen Eisner: Why . . .

Witness: It happened, it got formed, but it's dormant, as far as I know. It was dormant when I was involved with it. I don't know if it's still dormant.

Helen Eisner: Why did it never take off?

Witness: Probably for the same reason that we never got investors. The Congressman was very busy, and he focused on other things.

Helen Eisner: And whose idea was it to create the entity?

Witness: As far as I know it was his.

Helen Eisner: What was his role in Florida Save Our Shores?

Witness: He was one of the officers, I believe. The filing, which I don't know if I received the filing. I don't even have a copy of filing, but I believe ... He was considered one of the officers, as was I. I think there were three of us. It's Carla, or ... and I don't remember, because again, we really didn't do much with it.

Helen Eisner: Did the entity ever have any events or raise money?

Witness: No. We registered it, so it was a legal entity, but we never actually did anything with it. We never raised money. We never opened a bank account. We never did anything. I would equate to it to securing a domain name and never opening a website. You grab it because you want it. You intended to use it someday, but you never actually did anything with it.

Helen Eisner: Do you know, did it have a bank account? Did it have any money associated with it?

Witness: No. To my knowledge there was not.

Helen Eisner: Let me quickly show you this ... Actually, you know what, I'm sorry. This is a filing that you made on behalf of Florida Save our Shores, but I, before speaking with you, I pulled something, which I realize does not have a Bates number, but the question is simply that there's an entity named AMG TR PC, so not AMG Trust, AMG TR PC, that seems to be acting as President of and Vice President of the company of Florida Save Our Shores, and this same ... This is a Florida corporate filing that I'm looking at. It's from the Florida Secretary of State that has recently been pulled... Do you know what AMGTRPC was, and why it held that position with Florida Save Our Shores?

Witness: Yes. Thank you for pointing that out. I said the Congressman was an officer. It was actually these two entities, and it was basically for ... The Congressman, a lot of people search for information about him a lot. The intention was to create these entities, and he wouldn't want to be involved with them, but he also didn't want a lot of attention or distraction about it or negative publicity about it or whatnot. The decision was made ... His decision, not mine. He asked me to be a part of it, and I said yes. That these two peop-, this entity would be officers along with me. People aren't necessary for the Former Grayson Fund Vice President of Investor Relations, no one cares what I was doing, or very few, and AMG, whatever those letters are, would not raise red flags for somebody that was trying to troll for dirt on the Congressman.

It was a decision to try to minimize the problems for this entity if it had gotten off the ground.

Helen Eisner: Why would there be dirt associated with a non-profit, Florida Save Our Shores?

Witness: Not dirt, but anything affiliated with the Congressman, would be a lightning rod, and again, it could generate unnecessary attention, or potentially, negative publicity or negative attention, to the entity as it did its work. Come on, you work

for Congress, you have to know that are political enemies of the Congressman that would love for anything to try to impact anything that he was involved in, which is probably why we're sitting here. Respectfully.

Helen Eisner: We're certainly aware of that. I'm wondering if that was a concern that he frequently raised about entities or businesses he was involved in.

Witness: I can't say frequently he did it. It was a fact of life. It was understood.

Helen Eisner: Okay. Similar question. What is Small Friends?

Witness: In the interest of time, I'll tell you that the exact same things I've said about Small Friends are true about Save Our Shores.

Helen Eisner: So everything ...

Witness: It was the exact same situation.

Helen Eisner: ... and the same ... It was created. Were there ever any events or fundraising activities ...

Witness: No.

Helen Eisner: ... for Small Friends?

Witness: No.

Helen Eisner: Okay, AMG TR PC also played the same role, as President?

Witness: I will take your word for that. It sounds absolutely correct, but I can't say for 100% because I didn't remember the acronym, the specific name of the entity.

Helen Eisner: Right. And was it created at the same time as Florida Save Our Shores?

Witness: Yes. Yeah.

Helen Eisner: At some point, let's look down to ... We are getting close. I appreciate your patience here.

Witness: It's fine.

Helen Eisner: TJ 0210, this is, and I think it's through ... that's correct, a communication with Office Manager discussing whether or not to keep these active? What was the intent in keeping Small Friends and Florida Save Our Shores active, if they effectively had not done anything during the time period since they were created?

Witness: Helen, you have to understand that the Congressman has millions of ideas running through his head that he will never have the time to do in the rest of the time he has on this earth. Also, when he gets the idea, he wants to hold onto it.

For a guy that has the money that he has, it's a relatively small investment to keep whatever vision he had of that entity alive. It was already established, it cost, what was it? 57 ... I don't even know what the cost. I don't remember. He wanted to keep it alive because he, I think it was his heart believed that someday he would do something with it, and in reality he probably never will. It's just the way Alan Grayson ...

Helen Eisner: What about, what is the Alan Grayson Foundation?

Witness: I have no idea.

Helen Eisner: Okay. We were talking a little bit earlier about the press release you wrote about the settlement in the legal cases. Were you aware, in your capacity for the fund, your capacity working on the reelection campaign, of the status of cases that he was involved in, in his law practice?

Witness: Not all of them. Some of them. There were some big ones that were part of that generated media, Derivium is one of them. The one that I put out the release about, there were a couple of others that he really made his political, he built his political career on, which were the government contract and whistleblower programs, Custer Battles was another one. Yes, I was aware of some of them.

Helen, I worked with him for four years? 9, 10, 11, 12, so five years, and I probably know 5% of what that man is involved in. I don't mean that in a sinister way. I mean that he has so much going on. He works ungodly hours and has so many different things happening, it does not surprise me at all that I don't know that he has these entities that I never heard of. There were probably more out there that neither you nor I have heard of. It doesn't surprise me at all.

Helen Eisner: We can appreciate that, and we appreciate that background. I guess one question from that description is, it seems like you and Office Manager were involved in a lot of these different activities, the hedge funds, these non-profits. Why were the two of you so involved in different aspects of his businesses and his professional life?

Witness: He does not have a very big circle, or a very big inner circle. Carla has worked with him for 20 years? I don't know exactly. I worked with him for five and like to think I did a great job. When he finds someone that he trusts that does the job that needs to get done without having to be told, I think he keeps them close to him and gives them the responsibilities. I don't know why there weren't more. I can't say I'm such a unique human being that I'm capable of doing all these things that no one else can do, but he knew me. I earned his trust. I showed that I was capable of doing the things that need to get done, and so he trusted me and I think Carla. I don't think, I don't know why there weren't more, but I ... he didn't have a lot of people in his inner circle, he doesn't have a lot of close friends. He doesn't have a big family outside of his kids and his wife. I don't know why.

Helen Eisner: Are you still involved in any of these entities, in the fund, the trust, any of these non-profits?

Witness: No.

Helen Eisner: Okay. We saw that there was some communication recently in the emails you produced, looks like 2014-2015, some emails with Office Manager. What was the nature of that contact as far as your continued role in the companies or in the funding?

Witness: I think the emails speak for themselves. Usually, it was Carla reaching out saying, "Hey, I have a question. I don't understand how this works," and because I had the basis of knowledge, I would steer her in the right direction.

Helen Eisner: Just background.

Witness: It was nothing more than that.

Helen Eisner: Got it, okay. We have a few final questions here. Actually, you know what I'm going to do, I'm going to put us back on the screen, so that ...

Witness: Okay. Oh, we missed one, we left one.

Helen Eisner: Can you see us now?

Witness: No, I see me.

Helen Eisner: Oh. That was the wrong button. Okay, we're back.

Witness: There you go.

Helen Eisner: All right. I guess one thing we want to know is, is there anyone that you have discussed our review with?

Witness: I contacted the Chief of Staff shortly after getting your letter, or yeah, about that time, because I didn't understand the process. I haven't spoken to her since. I wanted to find out what was, how it was being handled? How do I handle it? And whatnot. I haven't spoken to the Congressman about this. I did also speak to the person I believe that you spoke with. I can't remember his name. He's the State Department liaison on the Hill. I spoke to him about it because I wanted to make sure that I was heard from the State Department's standpoint, using the State Department computer to send emails, or to scan things, or whatever, but those are the only conversations I had about this. My wife knows because I'm sitting here talking about it, but that's it.

Helen Eisner: The Chief of Staff, that is Julie ...

Witness: Julie Tagen.

Helen Eisner: You asked her questions about the process? Did you discuss anything else?

Witness: No, I contacted her, saying, "This is going on. Are you, is this, from your end, is this just from my end?" And she said, "Yeah, they had to do stuff. They had to grab all their stuff already and send it." I was like, "Okay. That makes sense. I'm doing the exact same thing."

Helen Eisner: Okay. I know you said that you haven't spoken with Representative Grayson. Has he tried to reach out to you?

Witness: No. I, quite frankly ... I would love to talk to him about it, but I, quite frankly, don't think it's appropriate.

Helen Eisner: Well, we appreciate that. We do ask third-party witnesses to keep it confidential. Of course, we understand making sure that you can ethically use State Department facilities and different equipment, and your wife, but we do try to keep this confidential, because, of course, it protects ... It protects the subject, ultimately. So, we appreciate that.

Paul Solis: Yeah, and if it should so, if it should happen that Representative Grayson reaches out to you, yeah, I think that your position on it is appropriate for the time-being, that it's best that you don't speak about the review with him.

Witness: That's fine I have no problem ...

Helen Eisner: I think you have a sense of the types of questions we have. Is there anything else that we should know?

Witness: I know that we talked about this briefly on the phone, about this. I'm only, I can glean as much as I can from the type of questions, what are the . . . subject of your complaint. I hope that the Committee, and in turn, if the House, if he ever gets this, understands that to my knowledge, and in the . . .

Helen Eisner: We're losing you a little bit at this last moment here.

Witness: Okay. Can you still hear me?

Helen Eisner: Yeah, let me wait for it to resolve itself, which it has, and I think we'll let you go ahead and make that statement again.

Witness: Okay.

Helen Eisner: From your perspective, I think that's where it's cut off.

Witness: Okay, from my perspective, we, I think we tried to do everything right. When I say, "right," I mean legally, I mean ethically, when it comes to the House ethics, the Stock Act, we had, as I said earlier. For there to have been anything illegal going on, there would have to have been a massive conspiracy between myself, the Congressman, Maples and Calder, Howell, Akerman Senterfitt, a fund administrator, a massive conspiracy, to get all these entities to do something illegal, to do something even unethical.

I tried to approach this with a respect for the process, with respect for your office, that I commend this investigation so far, at least from my perspective. But in the end, I'm cynical about the purpose and the nature of the complaint. I don't believe there was anything illegal. I don't even believe there was anything unethical. I believe this is politically motivated. That might come as a shock or not, but I am very interested in hearing the results of this when it comes out, because I think it's a witch hunt. I don't mean that as, I'm not impugning your work. You're doing a very important job, but I think eventually you'll conclude that there was nothing illegal, there was nothing even unethical- at least not to my knowledge in what was going on. I hope I gave the [inaudible]

Helen Eisner: We're again ...

Witness: But ...

Helen Eisner: We appreciate it. I think we ... I'll say we lost a few words at the end there, but I think we got the, we do understand exactly what you're saying, and appreciate your cooperation, and certainly, this sort of marathon session here, we appreciate your time. Thanks for ...

Witness: No problem.

Helen Eisner: For coming, I guess, videoing in, and I think we can conclude there. We will get you a transcript when it is ready.

Witness: Okay. Thank you. All the best to you.

Helen Eisner: All right, thank you very much.

EXHIBIT 2

**Interview of Representative Grayson
October 21, 2015**

Helen Eisner: Okay, speaking is Helen Eisner from the office of Congressional Ethics joined by my colleague Paul Solis. This is October 21, 2015. We're here with Representative Alan Grayson, his counsel Brett Kappel, and Ildefonso Mas. We gave Representative Grayson a copy of the False Statements Act and he has signed an acknowledgment form. We have let him know that we will be recording the interview. I think we will go ahead and get started.

I know you're familiar with Financial Disclosure forms that you're required to file as a member of congress. Who prepares your financial disclosure statements?

Rep. Grayson: I do.

Helen Eisner: Your periodic transaction reports?

Rep. Grayson: Me.

Helen Eisner: Okay, does anyone help you in that process?

Rep. Grayson: Not really, no.

Helen Eisner: When you say, "Not really," is there anyone else who-

Rep. Grayson: I hand it off to somebody to file it.

Helen Eisner: Okay, and who do you hand it off to?

Rep. Grayson: It varies. Generally it's Carla Coleman.

Helen Eisner: Filing is simply turning it in, going through that process.

Rep. Grayson: Right.

Helen Eisner: Nothing substantive?

Rep. Grayson: Correct.

Helen Eisner: Okay, and when you're going through the process of preparing your financial disclosure statements, what information do you review?

Rep. Grayson: Information about the previous disclosure to make sure that I've carried over information properly that existed that did involve, for instance, any trades or investment activity during the year, or during the period in question. Then in addition to that records of investment activities during the period in question. I'm

saying period in question because you're referring both to the annual report and the 30-day report. Correct?

Helen Eisner: Yes.

Rep. Grayson: So that's the answer to your question. I look at the previous activities, carry over what needs to be carried over, then look at the current periods of activity as well.

Helen Eisner: Okay, do you look at ... You talked about transaction reports. Do you look at bank statements?

Rep. Grayson: The answer to your question is, I do when it's necessary. I have a general sense of what's in the bank accounts at any given time. I don't always need to look at the bank accounts. That's not necessary for the periodic transaction reports. That doesn't involve bank accounts. For the annual reports, I do that as I believe necessary. Typically it's a relatively small part of the disclosure.

Helen Eisner: Okay, and when you say, "In the situations where you would look at bank accounts, bank statements," how do you access those?

Rep. Grayson: I ask Carla to give them to me.

Helen Eisner: Representative Grayson Congressional Office Manager and Business Director ("Office Manager") has access to those materials?

Rep. Grayson: Yes.

Helen Eisner: Through what means?

Rep. Grayson: She keeps the files. When you're talking about those kinds of files, she keeps those kinds of files.

Helen Eisner: When she's accessing them these are paper statements, are they online statements?

Rep. Grayson: I don't know, she just gives them to me.

Helen Eisner: Do you have access to them if you want them? Do you have to go through Office Manager?

Rep. Grayson: I have to go through Carla.

Helen Eisner: If you have a bank account, you wanted to see what the current balance was in that bank account. Would you go through Office Manager?

Rep. Grayson: Yes.

Helen Eisner: Okay, are these electronic accounts? Some of them I guess would be maintained through their online websites where you can look at statements, you can look at information about the accounts?

Rep. Grayson: I'm going to try ... There was a whole bunch of questions there. I'm going to try to answer the thrust of what you're asking. The answer is I don't know because I don't do it.

Helen Eisner: Right. Whenever you want to look at a bank statement you would go through Office Manager?

Rep. Grayson: Correct.

Helen Eisner: What about tax statements, and I'm talking about annual reports. Do you have access to those?

Rep. Grayson: I have access to those through Carla. When you're talking about tax statements I'm not sure what you mean. Do you mean my tax returns?

Helen Eisner: Tax returns, any filing that would be related to your annual financial disclosures.

Rep. Grayson: I would ask Carla for that.

Helen Eisner: Why does Office Manager maintain all these files?

Rep. Grayson: It's part of her responsibilities as someone who works for the fund..

Helen Eisner: Okay, let me make sure I understand this; someone who works for the fund-

Rep. Grayson: She works one-day a week for the fund.

Helen Eisner: If these are personal tax statements, your annual filings, your annual return, Office Manager director maintains those as well?

Rep. Grayson: Yes, because they're intertwined. The fund is an investment partnership and the partnership is structured in such a way in that the investment information flows through to the investors. You couldn't do one without the other. It wouldn't make any sense. You'd end up with something that wasn't functional.

Helen Eisner: How long has Office Manager maintained these records?

Rep. Grayson: For as long as we've worked together.

Helen Eisner: Okay. Do you have access to bank statements for family members of yours?

Rep. Grayson: I don't think that my family members have any bank statements.

Helen Eisner: For your children, if they have financial records?

Rep. Grayson: I mean, if you're talking about my 20 year old, she may or may not have a bank account. I don't know about it.

Helen Eisner: For your children who are minors, do they have financial records or any-

Rep. Grayson: I don't think that have any bank accounts.

Helen Eisner: Okay. Do they have any investments?

Rep. Grayson: Mm-hmm (affirmative). Yes they do.

Helen Eisner: For those investments, what type of records do you have access to?

Rep. Grayson: Through Carla I guess I have access to brokerage records.

Helen Eisner: Again, for anything related to dependent children, Office Manager would maintain those records?

Rep. Grayson: I'm not sure maintain is the right words to use. She would have access to those records I assume, because she gives them to me when I ask for them.

Helen Eisner: Again, access to those records through what? What means?

Rep. Grayson: You'd have to ask her. I don't know how she does that.

Helen Eisner: Okay, have you seen paper statements?

Rep. Grayson: In a sense that they're print out yes, but if you're talking about ... I'm not sure what you're talking about. Print outs. I've seen print outs.

Helen Eisner: Print outs to those accounts? Okay. When you're filling out these annual forms, and the periodic transaction reports, do you review materials from the Committee on Ethics related to how to fill out these reports? These disclosures?

Rep. Grayson: I have.

Helen Eisner: Okay, and how often do you review those instructions?

Rep. Grayson: Whenever something comes up that seems to require some attention or some kind of check. That's when I look back, otherwise I don't.

Helen Eisner: Can you give us an example of when you might have reviewed those materials; the instructions from the Committee on Ethics?

Rep. Grayson: Nothing comes to mind.

Helen Eisner: How often would you say you review them?

Rep. Grayson: It's really hard to say. I've been filing these things since 2006. I can't really generally characterize that.

Helen Eisner: What conversations do you have with the Committee on Ethics about your annual disclosures?

Rep. Grayson: From time to time ... I'm not sure that the Committee on Ethics is the one who does this. From time to time we've received suggestions that there might of been inadvertent omissions from either the PTR's or the annual reports. We often find that that's a misunderstanding, that they were actually correct as filed. On rare occasions we have found that there have been inadvertent omissions, and we promptly correct them.

Helen Eisner: When you say, "We," who are you referring to?

Rep. Grayson: Me.

Helen Eisner: Okay.

Rep. Grayson: The royal we.

Helen Eisner: I see. When you, as you said, sometimes you think there's been a misunderstanding, how do you communicate that?

Rep. Grayson: To whom?

Helen Eisner: If there's a misunderstanding as far as-

Rep. Grayson: Oh, we-

Helen Eisner: Committee on Ethics has reached out to you about a annual report and you believe there's a misunderstanding, how do you communicate that?

Rep. Grayson: All right again, I'm not sure it's the Committee on Ethics with whom we communicate, but the answer to your question is we write a letter. When there's a misunderstanding on their part, we point it out to them and explain to them why it's a misunderstanding on their part. If there's an amendment we go ahead and do the amendment. That has been very rare.

Helen Eisner: Okay.

Rep. Grayson: Over the course of nine years it has happened.

Helen Eisner: Okay.

Rep. Grayson: Our disclosures tend to be long. We're talking about ... I would estimate less than one percent of the content.

Helen Eisner: One percent of the content where there might be a communication with either the Committee on Ethics, or another entity that wants to clarify an aspect of your statement?

Rep. Grayson: Probably well under one percent.

Helen Eisner: Well under one percent. Okay. I know that you've worked for numerous law firms, you've been associated with different legal practices. I want to go through some of that starting with Grayson and Kubli. What is Grayson and Kubli?

Rep. Grayson: Grayson and Kubli was the successor to Grayson and Associates in the terms of a name change. It was also either the successor or predecessor to Grayson, Kubli, and Hoffman as result to the name change. It was a legal entity created to reflect my practice in law with other people who I chose to practice law with from roughly the early 90's to my elections to Congress.

Helen Eisner: What was your position at Grayson and Kubli?

Rep. Grayson: I would have to check the records, but I would guess that I was both the director and an officer. I think that was likely, but again to be sure about that I'd have to check.

Helen Eisner: What type of work did Grayson and Kubli perform?

Rep. Grayson: General practice of law.

Helen Eisner: General practice of law?

Rep. Grayson: Yes.

Helen Eisner: You were there for a long time at this entity. Can you tell us about the categories of cases that the law firm worked on?

Rep. Grayson: We did government contracts work, we did some patent work, we did whistle blower work, we did general litigation, civil litigation. Those were the largest categories. There were some other smaller categories as well.

Helen Eisner: What was your ownership interest in Grayson and Kubli?

Rep. Grayson: I owned it.

Paul Solis: 100 percent?

Rep. Grayson: Yes.

Helen Eisner: Is Grayson and Kubli still active?

Rep. Grayson: No.

Helen Eisner: Is it practicing under any type of name? Other name?

Rep. Grayson: Well, the name has changed, but it's not practicing under any name.

Helen Eisner: The legal entity itself under any other type of name; is that still active?

Rep. Grayson: No.

Helen Eisner: Okay. AMG TR PC; what is that entity?

Rep. Grayson: I don't remember which of the two legal entities under which I practiced law became AMG TR PC but I'm guessing that it was the later of the two. I'm not sure I should guess, but I hope you all allow me that latitude.

Helen Eisner: As we understand it, if it's helpful, AMG TR PC is the same legal entity as Grayson and Kubli. If you could help us understand that I think at some point there might of been a name change.

Rep. Grayson: There definitely was a name change. It's no longer called Grayson and Kubli PC.

Helen Eisner: Your understanding of AMG TR PC and its relationship with Grayson and Kubli?

Rep. Grayson: I'm going to have to rely on you for that one. Like I said, I think that it is a successor by name change to one of the two legal entities that under which I practiced law since the early 90's, but I can't be sure which.

Helen Eisner: When you say, "One of the two," One is Grayson and Kubli. What's the other?

Rep. Grayson: Grayson Law Center.

Helen Eisner: Grayson Law center. Okay. Just focusing on Grayson and Kubli for now, you told us what you believed your title to be there. What was your role at the law firm?

Rep. Grayson: I was in charge.

Helen Eisner: Did you practice law?

Rep. Grayson: Yes.

Helen Eisner: Did you represent clients?

Rep. Grayson: Yes.

Helen Eisner: When you represented clients, did you bill hours for those clients?

Rep. Grayson: In some cases yes, in some cases no, we had some contingent fee cases and we had some pro bono cases.

Helen Eisner: Grayson and Kubli. Second name of course Kubli. Who is Kubli?

Rep. Grayson: That refers to Victor Kubli.

Helen Eisner: What was Victor Kubli's role at Grayson and Kubli?

Rep. Grayson: He was an attorney who was an employee of the firm.

Helen Eisner: Did he have any type of any management role?

Rep. Grayson: Generally, no.

Helen Eisner: Okay

Rep. Grayson: I'm not sure what you mean by management, but I ran the firm.

Helen Eisner: Okay. I guess by management I mean, did he supervise work?

Rep. Grayson: Yeah...Yes from time to time he would supervise junior attorneys working at the firm. That was not a big part of his responsibilities.

Helen Eisner: In addition to, I guess, supervising work, management might include making administrative decisions?

Rep. Grayson: No.

Helen Eisner: So, no, as in Victor Kubli, did he make any administrative decisions.

Rep. Grayson: He did not make any administrative decisions. As I understand that term.

Helen Eisner: You told us a little bit about how clients were billed, different payment structures. What was your awareness of client billing and payment process for clients at Grayson and Kubli?

Rep. Grayson: I did it.

Helen Eisner: And can you elaborate on that a little bit more, "I did it..."?

Rep. Grayson: For those clients who received monthly bills, I prepared a monthly bill and I looked it over and I mailed it to them.

Helen Eisner: For other attorneys at the firm, were you aware of their billing?

Rep. Grayson: I decided on their billing rates, but they simply recorded their time on a regular basis. Their time records came to me and I issued bills for those clients who received monthly bills. And when we had a fee application I would prepare a fee application.

Helen Eisner: What was your awareness of the finances for Grayson and Kubli?

Rep. Grayson: I was partially in charge of that.

Helen Eisner: Did you have access to financial records for Grayson and Kubli?

Rep. Grayson: Yes.

Helen Eisner: Okay.

Rep. Grayson: Through Carla.

Helen Eisner: Through Office Manager Okay, so, again, I know we talked about this with regards to the financial statements, but just explain that as far as Office Manager's access to records and your accessed records?

Rep. Grayson: It's what I said. I'm not sure what exactly know what you mean by that.

Helen Eisner: Well, what I mean is, as you described earlier when you wanted financial records related to your statements it seems that you asked Office Manager for these records. Is that the same in this situation when you wanted records related to the finances of Grayson and Kubli?

Rep. Grayson: Well, it's not the same, because in the case of financial disclosures there's a regular periodic requirement. There's no regular periodic requirement that corresponds to that when we talk about law firm billings

Helen Eisner: Okay. So, it's not the same in the time period when you might access these records, but if at some point during the time period when Grayson and Kubli was in existence, if you wanted to access financial records, how would you access them?

Rep. Grayson: I don't remember that happening. I don't know what you mean by accessing their records. There was no disclosure requirement. There's no periodic requirement of the kind that you were referring to. It's not analogous.

Helen Eisner: Okay. I understand that situation is not analogous. If you wanted to view the finances for this entity which you had a 100% ownership stake in and I'm not talking about any type of reporting requirement, how would you do that?

Rep. Grayson: I don't think we did that. I mean, if you're saying did I want to see a profit and loss statement? Or if I wanted to see a balance sheet. What I would do? I don't recall ever doing that for the law firm.

Helen Eisner: Were you aware of the profits for the law firm?

Rep. Grayson: Only when they filed their taxes each year.

Helen Eisner: Okay. When you filed your taxes, how would you access information so that you could understand the profits of the law firm?

Rep. Grayson: I would ask Carla.

Helen Eisner: Okay. So, at some point whether it was preparing tax statements, you did have access to information, through Office Manager perhaps, but it seems that you were aware of profits for the firm as you just described to us. Can you explain to us what the profits for the firm were in 2009?

Rep. Grayson: I think it's safe to say that the firm was inactive in 2009, so I think whatever financial activity of any kind there was, was minimal and probably involved an effort to shut the firm down. But the firm was not ... If you are referring to the entity of Grayson and Kubli was not active in 2009.

Helen Eisner: Okay. I'm going to start showing you some documents so we can start talking about them.

Rep. Grayson: Sure.

Helen Eisner: Unfortunately, we have very large sacks here so...

Rep. Grayson: Oh I don't know if that's unfortunate. Go ahead.

Helen Eisner: The large binder clips this is.... okay, I'm going to start by showing you ... this is your 2009 financial disclosure statement. It's dated August 13th, 2010. I have a copy for everyone here.

Rep. Grayson: Thank you.

Helen Eisner: And if I could direct your attention towards page 4 of that statement.

Rep. Grayson: I could do that.

Helen Eisner: So if ... halfway through here it says, and maybe you can help us read this..."G+K" I believe? Do you see that notation?

Rep. Grayson: I do.

Helen Eisner: Okay. And G+K stock book. What is that?

Rep. Grayson: Well it's under the heading of "asset and/or income source" G+K refers to Grayson and Kubli. Stock refers to my ownership of Grayson and Kubli and book refers to book value.

Helen Eisner: Okay. So what I'm going to do is also show you is "T.H.A.G. 0922." The document that you provided to our office. And this is a document for "A.M.G.T.R.P.C.".

Rep. Grayson: I see that.

Helen Eisner: We were discussing that entity earlier and it's possible legal relationship with Grayson and Kubli as potentially the same entity. I can tell you that we've looked at filings that do indicate that it's the same legal entity with a name change. You can see towards the top, it indicates the ordinary business income of \$855,075. This is a scheduled K-1 form, tax form, in your name.

Rep. Grayson: Yes, I see that.

Helen Eisner: So can you explain to us how that is accounted for on this financial disclosure statement that I showed you which is the 2009 Financial Disclosure Statement?

Rep. Grayson: To do that, I would have to actually see the tax return that I was associated with this. This is a K-1 that is Form 1120s. You would have to show me the Form 1040 for the same year in order for me to be able to do that.

Helen Eisner: So, if you saw that particular form, what would you be looking for that would differentiate this \$855,000 in ordinary business income?

Rep. Grayson: Well, this could be wrong. It could also be a loss rather than a gain. And you would have to show me how this actually appeared in the 1040 in order to be able to judge what it is that I'm seeing here.

Helen Eisner: Is this form wrong?

Rep. Grayson: I don't know. You would have to give me the 1040 , so that I can look and schedule E and other parts of the form in order for me to judge that properly.

Helen Eisner: Did this entity experience a loss during that year?

Rep. Grayson: It may have.

Helen Eisner: Okay, it may have? This form says that you were a 100% shareholder?

Rep. Grayson: That's correct.

Helen Eisner: Seems like a pretty significant loss...eight hundred thousand dollars...

Rep. Grayson: Respectfully, I've had tax returns that were in eight figures and again it's a simple matter if it was produced to you, the 1040, that corresponds to this. If you would like to show me that I could answer your question in context. Then I would be better able to do that. And I would be happy to do that, but you are going to have to be able to give me the right form. You haven't given me the right form here.

Paul Solis: Helen asked you if this could have been a loss. You said it was possible.

Rep. Grayson: Yup.

Paul Solis: It was possible that it was a gain?

Rep. Grayson: Again, I wouldn't speculate about that. You're going to have to give me the form. I don't think you are being fair at this point. You have the form. You're not giving it to me.

Helen Eisner: Well, again, respectfully, this is a form that you are discussing that you provided to our office.

Rep. Grayson: This is one page. One page out of a document that was at least twenty pages long. You're giving me one isolated page. You're playing games here. Just give me the whole document.

Helen Eisner: The form that you are referring to.

Rep. Grayson: The 1040.

Helen Eisner: Yes. The 1040.

Rep. Grayson: The tax return.

Helen Eisner: The tax return.

Rep. Grayson: You're taking one page of a tax return and looking at it in isolation and you appear to be refusing to give me the remaining pages of the same document, even though you have it.

Helen Eisner: Okay, so we're clear.

Rep. Grayson: Yeah.

Helen Eisner: Just wanted to make sure it's understood. The document that you're referring to is a document, and I'm not talking about this particular document, a document that you provided to our office, which you had in your possession, have had access to and that's the reason you were able to provide that to our office. So this is a form that you presumably have seen, have had access to and have been able to review. I'm showing you this form in the context of that, and other forms that you have provided to our office. I'm just asking you to help us understand this.

Rep. Grayson: Listen. This is one page out of a large multi-page document that is six years old. You have the document. We gave you thousands upon thousands upon thousands of pages of documents. It's a very simple thing for you to give me the entire document rather than try to fake me out.

Paul Solis: There's not an intent to do that here, Congressman. We're just...

Rep. Grayson: Then just give me the whole document. I will tell you I have done a lot of these things over these years. I have practiced law for a quarter of a century. I don't remember anyone ever giving somebody one page out of a multi-page document and asking them to comment on it and then declining to give the remaining part of the document.

Helen Eisner: You know, if you feel that our understanding would be improved if you want to supplement information and give it to us in context, because you have access to that information, we would be happy to accept a short analysis to supplement this question, but if you feel that you can't answer our question based on this form, we can move on.

Rep. Grayson: Okay. Let's do that.

Helen Eisner: I want to move onto Grayson Law Center.

Rep. Grayson: Okay. Here you go.

Helen Eisner: What is Grayson Law Center?

Rep. Grayson: Grayson Law Center is a legal entity within which I practice law. Between the times that I was in Congress and when I was out of office.

Helen Eisner: Okay. And what was your role there?

Rep. Grayson: I was in charge.

Helen Eisner: Did you have a title?

Rep. Grayson: I don't remember having a specific title, but once again my guess was that I was an officer not a director.

Helen Eisner: How many employees did Grayson Law Center have?

Rep. Grayson: It varied. Generally fewer than 10.

Helen Eisner: And what type of work did it perform?

Rep. Grayson: Generally, similar to the work that I described earlier for Grayson and Kubli PC.

Helen Eisner: Did you perform legal work for that entity?

Rep. Grayson: While I was out of Congress and before I was re-elected, the answer is yes.

Helen Eisner: Did you bill hours? Work on a contingency basis? The type of fee structures that we talked about?

Rep. Grayson: It varied, but the answer is yes. There were some cases that we worked that we billed on an hourly basis. There were some cases that we did that were on a contingency basis.

Helen Eisner: Was Grayson Law Center always known as Grayson Law Center?

Rep. Grayson: I think we have changed the name of that entity as well.

Helen Eisner: When did that change occur?

Rep. Grayson: Around the time that I was reelected to Congress, after being out of office.

Helen Eisner: Around the time, do you know exactly when?

Rep. Grayson: No, I don't know exactly when.

Helen Eisner: Why did that name change occur?

Rep. Grayson: Because the entity needed to continue in existence in case money that was owed to us was ever paid to it and I considered it to be inappropriate to have a law firm with my name in it after the election.

Helen Eisner: Why would that have been inappropriate?

Rep. Grayson: Because the law firm was providing professional services that involved potentially fiduciary duty and I had provided such services myself and the law firm had clients who were familiar. . . had clients who were familiar with the name Grayson because that was my name when I was running the firm.

Helen Eisner: When the name change occurred and it became GL CTR PC, are we saying that correctly? How would you refer to it?

Rep. Grayson: That's fine. I understand what you're referring to.

Helen Eisner: Okay. Did the clients change at that point in time?

Rep. Grayson: With the name change?

Helen Eisner: It was Grayson Law Center, did the clients remain the same when the name change occurred?

Rep. Grayson: Okay, as far as I know, but changing of the name has no legal effect on any client relationship. Now, in fact, the clients in general were not. . . well to tell you, the firm became inactive when I was elected to congress so the clients in general were being tended to by others, including Mr. Kubli, so there was. . . at roughly the same time of this association between the firm and these clients when the clients have active cases, but that wasn't caused by the name change, it was just something that happened at roughly the same time.

Helen Eisner: Okay, so GL CTR PC became inactive?

Rep. Grayson: Yes.

Helen Eisner: And do you know exactly when that occurred?

Rep. Grayson: At roughly the time of the 2012 election or whereabouts. Shortly thereafter I should say.

Helen Eisner: Is it still inactive?

Rep. Grayson: Yes.

Helen Eisner: Were you, and this is referring to Grayson Law Center and GL CTR PC, what knowledge did you have of the firm's profits and losses?

Rep. Grayson: The same as I described earlier with respect to Grayson and Kubli.

Helen Eisner: And how would you obtain that knowledge?

Rep. Grayson: The same way that I described earlier.

Helen Eisner: Just to be clear, earlier you described access to statements through interactions with Office Manager?

Rep. Grayson: That's correct.

Helen Eisner: Grayson Consulting, based in Virginia, what was that entity?

Rep. Grayson: A consulting firm.

Helen Eisner: Okay. What type of work did it perform?

Rep. Grayson: From time-to-time, consulting.

Helen Eisner: What types of clients did it perform consulting for?

Rep. Grayson: Only one comes to mind at this point, and in that respect that it did business consulting.

Helen Eisner: That client, what type of work did that. . . who was that client?

Rep. Grayson: That client was IDT, a company that I was the first president of in the early 90's.

Helen Eisner: Who were the employees of Grayson Consulting in Virginia?

Rep. Grayson: I don't think that Grayson Consulting has had employees over the years with the possible exception of Alisa Roberts.

Helen Eisner: When you say consulting work, did any of that work involve litigation or legal work?

Rep. Grayson: The consulting work was not legal work. We made a distinction between consulting work and legal work.

Helen Eisner: Okay. Another entity, Grayson Consulting in Florida. What was that entity?

Rep. Grayson: I'm not aware of any difference.

Paul Solis: Between Grayson Consulting Virginia and Grayson Consulting Florida?

Rep. Grayson: I'm not aware of Grayson Consulting Virginia.

Helen Eisner: The Grayson Consulting company that was registered to practice in Virginia.

Rep. Grayson: I don't think that's correct. It might've filed doing business as filing in Virginia, if that's possible. That's legally recommended if you're doing business in a state, you generally want to file as doing business in that state, but if you're talking about a separate legal entity, I'm not aware of that at all.

Helen Eisner: Were you aware of a Grayson Consulting that was doing business in Virginia?

Rep. Grayson: The answer is yes, from time-to-time, some of the work that was done for Grayson Consulting was done in Virginia. I surmise that it's possible that a DBA, meaning "doing business as" form was filed in Virginia for Grayson Consulting. That's not at all the same as saying that it was a separate legal entity.

Helen Eisner: How would that form have been filed?

Rep. Grayson: With the state.

Helen Eisner: Would you have had any involvement in the process of filing that form?

Rep. Grayson: I might have. You'd have to show it to me and I'd have to see if my signature's logged.

Helen Eisner: What was your ownership interest in Grayson Consulting?

Rep. Grayson: I was a partial owner, so were my children.

Helen Eisner: So it was you and your children. Were there any other owners?

Rep. Grayson: No.

Helen Eisner: If a form had to be filed, how would that decision be made?

Rep. Grayson: That is really speculative, I'm trying to help you here but if a form had been filed-

Helen Eisner: A form related, any form related to Grayson Consulting.

Rep. Grayson: If you can show me a form I will try to tell you how it was filed.

Helen Eisner: Without going into any specific form, let's assume, no I'm not even going to assume. Grayson Consulting, you said that it was a registered business, perhaps in Virginia, perhaps in Florida, you seem to recall, is that correct?

Rep. Grayson: My only recollection, for what it's worth at this point many years later is that Grayson Consulting was probably incorporated in Florida. You're talking about probably more than a decade ago, probably well more than a decade ago.

Helen Eisner: If any decisions had to be made about that entity, who would make those decisions?

Rep. Grayson: That would generally be me, since I was in charge.

Helen Eisner: If a form had to be filed, would you have made that decision?

Rep. Grayson: I can't answer that. I'm not even aware that forms were filed. You're going to have to show me forms if you want me to address specific forms.

Helen Eisner: Business registration form, if a business registration form had to be filed.

Rep. Grayson: Yes.

Helen Eisner: Would you have been aware?

Rep. Grayson: Yes. At the time, more than a decade ago, I would have been aware.

Helen Eisner: We understand the timing, I'm just trying to get a general sense of your awareness.

Rep. Grayson: Yes, certainly if I asked that a company be incorporated, I am aware of the fact that I asked the company to be incorporated. I would have somebody else to do it. But I would be aware of the fact that I had asked for it.

Helen Eisner: We've gone through some of these different legal entities, I want to step back to Grayson and Kubli. What happened to that entity when you entered Congress?

Rep. Grayson: It became inactive.

Helen Eisner: What happened to the clients of Grayson and Kubli when you entered congress?

Rep. Grayson: Clients who had active cases, generally, but not necessarily always, became clients of Kubli and Associates, the firm that you're referring to Grayson and Kubli, did not keep any active clients after I was elected. It was still owed money, but it didn't have active clients.

Helen Eisner: Can you explain that to us, it was still owed money?

Rep. Grayson: Sure. There was accounts receivable, law firm's bill in arrears, often substantially in arrears and the result of that is that just because the law firm stops practicing doesn't mean people stop owing, or entities stop owing the law firm money. I'm sure there were substantial amounts of money. . . if we stopped the practice on day one there would be very likely companies and entities owing us money on day 366, a year later. For all I know, and I don't know one way or the other at this

point, there may be still entities and companies, persons and entities that owe us money. But that money would be billed and come in after the client relationship had been terminated.

Helen Eisner: When you entered Congress, who became responsible for those outstanding collections?

Rep. Grayson: The company. The company remained in existence and was inactive in practice of law but to the extent that people still owed the company money, I'm referring now to Grayson and Kubli, an effort was made to collect that money. That it might well be, and I'm not going to speculate on this because you won't give me the document, it might well be that the document that you showed to me earlier was a reflection of that. It might be that money came in that was owed to the law firm for work that was done before I was elected to Congress and that money might have been reflected in the document that you showed one page of to me. That's possible. I will tell you though that there was no practice of law by anyone associated with that after I was sworn in.

Helen Eisner: You think that potentially that income reflected collections?

Rep. Grayson: It's possible.

Helen Eisner: What collections came in, in 2009 related to work performed?

Rep. Grayson: I can't remember specifically but we billed on a regular basis and money came in on a regular basis. If we billed up through October 2008, before the election, those bills would have been sent out after October of 2008 and would have come in potentially long after October of 2008. That might be a reflection of what you're seeing.

Helen Eisner: Who at Grayson and Kubli, at that time, was responsible for collections?

Rep. Grayson: I don't think anybody had that specific responsibility but Carla Coleman was aware of it.

Helen Eisner: What was your involvement in that process?

Rep. Grayson: What was my involvement? I likely prepared the bills.

Helen Eisner: You talked a little bit about clients that existed at the time that you entered Congress.

Rep. Grayson: Yes.

Helen Eisner: Can you tell us what cases were pending when you entered Congress?

Rep. Grayson: Many.

Helen Eisner: Approximately how many?

Rep. Grayson: Well, when I entered Congress they'd already been handed over to Kubli and associates, so let's be clear about that.

Helen Eisner: Okay.

Rep. Grayson: None of those remained my clients at the time I entered Congress but I would estimate that there were roughly around 20 clients involved. These cases either were terminated or handed off to Kubli and Associates or otherwise disposed of following my 2008 election. That is what you're talking about right? The 2008 period?

Helen Eisner: Yes, that's the transition from Grayson and Kubli and then you entered Congress.

Rep. Grayson: Right. So, there was, as you call, a transition. Those cases were, if you will, disposed of by Grayson and Kubli. Bills were created, those bills were issued to the clients and clients paid, but there was no practice of law involved in that. Though that was for legal activities that occurred beforehand.

Helen Eisner: Those 20 clients, can you give us a sense of what types of cases were involved with those 20 clients?

Rep. Grayson: The same as I said before. I really don't have anything to add to that. There were all sorts of different areas of practice, I mentioned several of them before, that's the same.

Helen Eisner: You talked about these clients being handed off and I think you mentioned Kubli and Associates, what agreement governed that hand off?

Rep. Grayson: There was an agreement between Kubli and Associates- with Kubli and Associates to pay a certain amount of money and that never happened.

Helen Eisner: What do you mean that never happened?

Rep. Grayson: The money wasn't received. None of the money was received.

Helen Eisner: And the agreement was to pay how much money?

Rep. Grayson: If I recall correctly, approximately two million dollars.

Helen Eisner: Let's actually look at an agreement, which is VK 0003 through 0013.

Rep. Grayson: Absolutely, let's do that. Okay go ahead.

Helen Eisner: Okay so if we could go to the last page which is VK0013.

Rep. Grayson: Yes.

Helen Eisner: Is that your signature there?

Rep. Grayson: Yes it is.

Helen Eisner: And that is?

Rep. Grayson: For Grayson & Kubli PC as it says. Not personally.

Helen Eisner: On behalf of, and at that front page of the agreement you can see it says whereas Grayson & Kubli PC seller wishes to sell a certain amount of its assets and liabilities. Then whereas Kubli and Associates wishes to buy the assets so this is an agreement between Grayson & Kubli and Kubli and Associates. It also lists you, I guess four paragraphs down. Whereas Alan Grayson, a Director of the seller. Can you explain to us why this agreement wasn't produced in your response to our request for information?

Rep. Grayson: Probably because we no longer have a copy of it.

Helen Eisner: Were you aware of this agreement?

Rep. Grayson: I signed it. Of course I was aware of it.

Helen Eisner: Why do you no longer have a copy of it?

Rep. Grayson: I just went through a divorce. Many of my personal records and some of my professional business records were obtained by opposing counsel in my divorce and never given back.

Helen Eisner: Were they copies or were they the original copy of those records?

Rep. Grayson: In many cases they were originals. In most cases they were originals.

Helen Eisner: This agreement we're talking about here, the buyout agreement, that was something that you would have handed over as a part of that legal proceeding?

Rep. Grayson: I didn't hand it over. It was taken from my house.

Helen Eisner: Okay. That was taken from your house?

Rep. Grayson: Right.

Helen Eisner: This agreement?

Rep. Grayson: No. I don't know whether this agreement was one of those documents or not. There were thousands upon thousands of pages of personal records, and business records, and financial records, that were taken from my house and never returned despite the fact that we issued subpoena's and document request, and actually had orders to compel. None of those documents have ever been returned to me.

Helen Eisner: Did you store agreements and other records related to Grayson & Kubli in that location?

Rep. Grayson: Yes.

Helen Eisner: Where else did you store information and records related to Grayson & Kubli?

Rep. Grayson: It varied from time to time. We had an office, and the office had records.

Helen Eisner: Are there any other storage facilities related to Grayson & Kubli?

Rep. Grayson: Well, I'm sure that Victor Kubli, since he was the principal of Kubli and Associates has many such records, or had many such records as of 2009. Whether he still has them or not I have no idea.

Helen Eisner: What records do you have?

Rep. Grayson: I think we've produced to you what we have.

Helen Eisner: Okay.

Rep. Grayson: That is responsive to your request, and not otherwise withhold ... Obviously we're not going to produce to you attorney/client privilege information. We're not going to produce to you work product. We're not going to produce to you things that we've identified we're not producing to you, but with regard to this particular document I've explained it as best I can.

Helen Eisner: I'm trying to get a sense of where this would have been stored just so I can understand-

Rep. Grayson: In my house.

Helen Eisner: In your house? We understand that there are two storage lockers in Virginia that contain materials related to the law firms.

Rep. Grayson: That may be true. That would be Carla's domain, not my domain. I haven't actually been involved in record-keeping for more than a decade. I don't have files like this in my personal possession anymore. The ones that I had were taken in the way that I described to you earlier.

Helen Eisner: Okay. Did you ask Office Manager to search materials in those storage lockers?

Rep. Grayson: I went over the document request that you sent to us with Carla, and I told her that she should provide the responsive documents. I don't remember the storage facilities that you're describing coming up during that conversation, but I gave her a general indication that she should provide whatever it is that was in her possession, and I think she did that.

Helen Eisner: Okay. Let's go over some of the details of this agreement.

Rep. Grayson: All right.

Helen Eisner: I want to go to page VK0007, and it's a little confusing because the numbers at the bottom don't match, so that's page five of the agreement, and I want to look at paragraph nine.

Rep. Grayson: Well now you've made me concerned. Why don't the numbers match?

Helen Eisner: It's a bates numbering system.

Rep. Grayson: Okay. Now I understand. You don't have to explain it further. If there's one thing I know about it's bates numbers.

Helen Eisner: Unfortunately for all of us.

Rep. Grayson: Right.

Helen Eisner: Paragraph nine.

Rep. Grayson: Yes.

Helen Eisner: It reads: as compensation for the assets for which the buyer and seller agree on a value, the buyer shall pay the seller \$2 million in principal payments over 48 months.

Rep. Grayson: I see that.

Helen Eisner: Can you explain to us what that compensation is?

Rep. Grayson: I don't know what you mean by it. It is what it is. I don't understand your question.

Helen Eisner: As compensation for assets, why would you have been paid? I'm sorry. Grayson & Kubli as the seller. Why would Grayson & Kubli have been paid this \$2 million?

Rep. Grayson: As compensation for the assets as it says. I don't understand what you're getting at here.

Helen Eisner: Okay. Were you paid this money?

Rep. Grayson: No.

Helen Eisner: Why not?

Rep. Grayson: Because Victor told me that he didn't have the money to pay. He could not afford to pay the money.

Helen Eisner: Did-

Paul Solis: Is this agreement still in effect despite the fact that he was unable to pay the money?

Rep. Grayson: That's sort of a legal conclusion that you're asking me for. I don't think the agreement was somehow nullified by his failure to pay. I think we actually endeavor to enforce it and get a judgement on it.

Paul Solis: Okay.

Rep. Grayson: If I recall correctly.

Paul Solis: That's my question. In your opinion, did you take action based on his failure to pay?

Rep. Grayson: Yes we did. We still didn't receive the money though.

Helen Eisner: Okay, and do you consider that debt that is owed to you?

Rep. Grayson: Yes.

Helen Eisner: On page six, and I'm sorry, it's VK006, but it is page 4 of the agreement here.

Rep. Grayson: Got it.

Helen Eisner: I want to look at paragraph seven.

Rep. Grayson: Yes I see that.

Helen Eisner: Buyer assumes as a liability all debt that the seller owes to Grayson as a buy-out date the "Grayson debt." Can you describe to us what the Grayson debt is?

Rep. Grayson: No. I don't remember. I don't remember what that refers to. Bear in mind this is many years ago. I just don't remember what that's referring to.

Helen Eisner: Okay. Was there debt at that point in time?

Rep. Grayson: I don't remember.

Helen Eisner: When you left Grayson & Kubli?

Rep. Grayson: Again, I understand the time-frame that you're referring to. I'm looking at this sentence. It doesn't really jog my memory about what it's referring to.

Helen Eisner: Okay. I'm going to show you the ... Let's see. This is your ... Make sure I've got this right. This is your financial disclosure form from 2012.

Rep. Grayson: Yes.

Helen Eisner: Give you a copy of that. This is dated August 12th, 2015.

Rep. Grayson: I think you mean 2013 don't you?

Helen Eisner: It's dated 2013, but it's the 2012 financial disclosure statement.

Rep. Grayson: Yeah. I think you may have said 2015 when you gave-

Helen Eisner: Oh I'm sorry if I said 2015. August 12, 2013.

Rep. Grayson: That's what it says. Okay.

Helen Eisner: On page four.

Rep. Grayson: Yes.

Helen Eisner: Four lines down you'll see an indication. What does that say? Just four lines down in block A.

Rep. Grayson: It says K & A Note.

Helen Eisner: What is K & A Note.

Rep. Grayson: The extent to which the document that you just showed to me constitutes a note, that's a reference to that note. The document itself is broader than a note. It's actually an agreement, but legally it gives rise to a note. That's what that's referring to.

Helen Eisner: Okay so this section referring to the Grayson debt in the agreement corresponds with that indication? The K & A.

Rep. Grayson: I'm not sure what you mean by "that indication" but-

Helen Eisner: That indication as in the "K & A Note" indication four lines down, block A, page four of this statement.

Rep. Grayson: In the way that I just described it does. In that limited sense.

Helen Eisner: In block B you write indefinite.

Rep. Grayson: Yes.

Helen Eisner: Why was that indefinite?

Rep. Grayson: Because as of August 12 of 2013 no payments had been made.

Helen Eisner: The term indefinite, is that a term that you had conversations with the Ethics Committee about?

Rep. Grayson: No.

Helen Eisner: Were there any follow-up conversations with Ethics Committee or staff about the meaning of that term indefinite?

Rep. Grayson: No.

Paul Solis: Why did you use that term?

Rep. Grayson: Because it's accurate. It describes the situation.

Helen Eisner: Do you ... What is the value of the Grayson debt?

Rep. Grayson: It's indefinite.

Helen Eisner: Is it indefinite as in it's zero to infinity or is there an approximate range for what the debt would be?

Rep. Grayson: It's indefinite. I don't think I need to define for you what the word indefinite means. We all know what it means. It's indefinite.

Helen Eisner: I'm not trying to understand the word indefinite. I'm trying to understand the debt.

Rep. Grayson: It is described by the word indefinite.

Helen Eisner: Okay. I don't want you to get rid of the agreement because I have a few more questions for you related to that. This is VK0008, and it's page six.

Rep. Grayson: Got it. Go ahead.

Helen Eisner: Paragraph 12 towards the bottom.

Rep. Grayson: Yes.

Helen Eisner: As part of the compensation received by the seller under this agreement, the buyer shall continue the litigation of such cases without charge to the seller unless the seller consents to dismissal.

Rep. Grayson: I see that.

Helen Eisner: What case is that referring to?

Rep. Grayson: I don't think that that ever came up. I don't think it refers to any cases. It's just a provision, and like many provisions in many agreements, that simply was essentially boilerplate, and I don't remember that ever coming up in the context of any case.

Helen Eisner: It may not have come up, but it was included as a provision, so when it was included what cases would it have been referring to?

Rep. Grayson: As I said, it referred to none. It never came up. It's a classic example of what might be called the fine print.

Helen Eisner: Okay.

Paul Solis: There was no intended application to any present cases when this provision was drafted?

Rep. Grayson: I can't answer that. I can't read Victor's mind.

Paul Solis: Did you help draw this document up?

Rep. Grayson: I did. Some of it came from me, and some of it came from Victor. It was actually negotiated word by word between the two of us.

Paul Solis: Okay so you have some familiarity with that last provision then?

Rep. Grayson: At this point no. Again, the date on this agreement is many, many years ago. It refers to the 2008 election. I don't remember what his intention was at all. It may well be that that's a provision that he put in there.

Helen Eisner: Did Kubli and Associates perform any litigation on your behalf?

Rep. Grayson: No. Not on my behalf.

Helen Eisner: On behalf of any entities that you are associated with?

Rep. Grayson: No. Kubli and Associates had clients. I was not a client. Neither was any entity that I was associated with ever a client.

Helen Eisner: Let's look a little bit further up towards the top.

Rep. Grayson: Okay.

Helen Eisner: Paragraph 12. It says because the seller and buyer are unable to agree on the value of certain contingent fee cases, e.g. the Kargo cases, the IDT cases, the escheat cases, and the Derivium cases.

Rep. Grayson: I see that.

Helen Eisner: What were those cases?

Rep. Grayson: What do you mean by what were they? They were cases that Grayson and Kubli had been working on and the intention was for Kubli & Associates to continue work on those cases after I took office. That's what that refers to.

Helen Eisner: Let's take them specifically, the Kargo Case.

Rep. Grayson: That was civil litigation.

Helen Eisner: What type of civil litigation?

Rep. Grayson: A lawsuit against a telecom company, if I recall correctly.

Helen Eisner: Was it a telecom company that you were involved in?

Rep. Grayson: No. You're referring to the defendant right?

Helen Eisner: Yes.

Rep. Grayson: No, I was not involved in it company.

Helen Eisner: The plaintiff?

Rep. Grayson: I'm not sure what you mean by that.

Helen Eisner: Did you have any type of financial interest in any of the parties to that lawsuit?

Rep. Grayson: I may have. It was a complicated situation and it's possible that I did have a financial interest in one or more of the plaintiffs in that lawsuit.

Helen Eisner: Which plaintiffs?

Rep. Grayson: Again, this is many, many years ago, but if I recall correctly I think that there's an entity called UMTI and I had an interest in UMTI.

Helen Eisner: What does UMTI stand for?

Rep. Grayson: United Mobile Technologies, if I recall correctly.

Helen Eisner: What was your interest in that company?

Rep. Grayson: I was part owner.

Helen Eisner: What percentage ownership?

Rep. Grayson: I don't remember.

Helen Eisner: Was it more than 50%?

Rep. Grayson: I don't remember.

Helen Eisner: Okay. The IDT case, what was that?

Rep. Grayson: Different civil litigation cases. I think that there were multiple cases.

Helen Eisner: Did you have a financial interest in any of the parties in that case?

Rep. Grayson: Not that I recall.

Helen Eisner: Do you know who the parties were in that case?

Rep. Grayson: Not at this point.

Helen Eisner: The escheat cases, what is that?

Rep. Grayson: Those were a series of cases brought on a theory that calling cards, when they expired were subject to recovery by the state and that the defendants in those case had erred. Defense is not the right word to use, the respondents in those cases had erred in not giving the state the value of the unused calling cards.

Helen Eisner: Okay. Did those cases continue on under the guidance, the legal representation of Kubli & Associates?

Rep. Grayson: I don't remember.

Helen Eisner: Okay. Would you have been provided updates about those cases?

Rep. Grayson: If they continued I probably would have been, but otherwise, no and I certainly would not have performed any legal services in relation to those cases.

Helen Eisner: Did Victor Kubli perform legal services in those cases?

Rep. Grayson: I don't remember. Now, if you're asking me about whether he performed it as part of Kubli & Associates, I don't remember. If you're asking me whether he performed it as part of Grayson and Kubli I think the answer is yes.

Helen Eisner: Okay. Understand. The next case, Derivium.

Rep. Grayson: Yes.

Helen Eisner: What is that case?

Rep. Grayson: That's a case regarding the defendant Derivium and many, many related parties involving the fact that I gave stock to Derivium and related entities and the stock was never returned to me. When I say I gave stock, I pled stock as collateral for loans. Give is not the right word to use technically, but I pledged stock as collateral for loans. At the termination of the loan, the stock was never returned to me.

Helen Eisner: Did the buyer, here, Kubli & Associates, under this agreement continue litigation related to Derivium?

Rep. Grayson: Probably

Helen Eisner: When you say probably are you aware of litigation that occurred related to Derivium after you entered Congress for your first term?

Rep. Grayson: Yes, but there were other attorneys outside of Kubli & Associates who were definitely involved and who might have been involved at that time. I'm not sure that Kubli & Associates ever did any work relating to the Derivium cases. Again, we're talking about 7 years ago, there have been many attorneys who have represented me in connection with the Derivium cases. I'm not sure that Kubli & Associates, as a firm, ever did.

Helen Eisner: All right. Did Victor Kubli do work related to Derivium after you entered Congress for the first time?

Rep. Grayson: I don't remember. If he did so he would have done so with me as his client.

Helen Eisner: What about Grayson Law Firms Attorney?

Rep. Grayson: What about Alisa Roberts?

Helen Eisner: Did she do work related to Derivium after you entered Congress for the first time?

Rep. Grayson: At some point between that time and this time she has. She still does, but as to when it began, what periods of time it occurred, whether it occurred in the 2009 and 2010 period when I served in Congress the first time, I can't recall. I can't even recall whether she worked for the firm at that point. I don't know when Alisa started working with me.

Helen Eisner: Did Grayson Law Firms Attorney work for Grayson and Kubli?

Rep. Grayson: I don't remember.

Helen Eisner: Did she work for Grayson and Associates?

Rep. Grayson: No.

Helen Eisner: When did you first meet her, Grayson Law Firms Attorney?

Rep. Grayson: I don't remember.

Helen Eisner: Did she do work for Grayson Law Center, Grayson Law Firms Attorney?

Rep. Grayson: Yes.

Helen Eisner: What type of work did she do for Grayson Law Center?

Rep. Grayson: Work as an attorney, legal work.

Helen Eisner: On what cases? What types of cases did Grayson Law Firms Attorney work on for Grayson Law Center?

Rep. Grayson: The ones that we discussed before. I described generally in the context originally of Grayson and Associates and Grayson and Kubli. What kind of work that was, I indicated to you that Grayson Law Center did the same kind of work, Alisa was a part of that effort.

Helen Eisner: Did Grayson Law Center work on the Derivium cases?

Rep. Grayson: Probably. Probably. Can't say for sure.

Helen Eisner: Towards the beginning of this sentence, when it's listing these cases that we've discussed, Kargo, IDT, Escheat, Derivium, it says "e.g.".

Rep. Grayson: Yes.

Helen Eisner: Were there other cases besides these four that were contemplated?

Rep. Grayson: I don't remember. You mean these four categories right?

Helen Eisner: The four that are specifically listed here, at the beginning of the sentence it says, "The buyer and seller are unable to agree on the value of certain contingent fee cases, e.g." There are four examples provided of contingent fee cases.

Rep. Grayson: Yes.

Helen Eisner: What other contingent fee cases was Grayson and Kubli working on that would have been included?

Rep. Grayson: I don't remember any.

Helen Eisner: Was Grayson and Kubli working on any other contingent fee cases at that time?

Rep. Grayson: It's quite possible, I just don't remember.

Helen Eisner: Okay.

Rep. Grayson: It's sort of moot as I indicated to you before, we didn't receive a single payment under this agreement, so you're giving a microscopic application to an agreement that generated absolutely no revenue whatsoever to me.

Helen Eisner: Okay. This statement it says, a little further down, "Such fees shall be deemed earned in full as of the date of the contingent fee agreement was made." Why was that sentence included?

Rep. Grayson: I don't remember.

Helen Eisner: What conversations did you have with Victor Kubli about the fact that the fees would be deemed earned in full?

Rep. Grayson: I don't remember.

Helen Eisner: Okay.

Rep. Grayson: If we had any. I'm not sure we ever had any.

Paul Solis: Just to go back to this, just so we're clear. I think you mentioned earlier that you and Victor went through this, you said piece by piece, you would have had a chance to ...

Rep. Grayson: I remember drafts going back and forth, yes. I don't remember anything about that specific sentence and conversations I had with Victor. I'm not sure there were any.

Helen Eisner: I want to ask you a little bit about Grayson Law Center. I think you've touched on this slightly. What happened to Grayson Law Center, GL CTR PC when you entered Congress for your second term?

Rep. Grayson: It became inactive. There was no longer any practice of law by it.

Helen Eisner: What happened to the clients of Grayson Law Center at that time?

Rep. Grayson: If I recall correctly, Victor Kubli established a separate entity and generally many of the clients migrated over to Victor's second entity.

Helen Eisner: Okay. What was the name of that entity?

Rep. Grayson: I don't know.

Helen Eisner: Was it a law firm? Was it his practice as a sole practitioner?

Rep. Grayson: I don't know. I'm not sure I ever knew.

Helen Eisner: We've looked at this agreement, discussions back and forth about particular compensation, about particular cases, was there an agreement for the transition when, as you explained, clients went from Grayson Law Center to this other entity with Victor Kubli?

Rep. Grayson: I don't think so.

Helen Eisner: Okay, so how did it work?

Rep. Grayson: There was a substitution of counsel, if I recall correctly. It was indicated to the court or whatever body that was the tribunal involved that the Kubli entity was substituting for Grayson Law Center.

Helen Eisner: What agreements did you have informally, perhaps related to fees from ongoing cases?

Rep. Grayson: I don't think there were anything of the nature that you're describing. If you're asking me whether some new agreement that corresponded to the buyout

agreement that we've just been examining, the answer is I don't think there was. It was a different situation. In the case of Grayson and Kubli we're talking about a law firm that under various names had been in existence for over 15 years with a very substantial law practice, very large receivables, large monthly billings. I don't think that Grayson Law Center ever came close to that in terms of the scale of operation, so it was a fundamentally different situation.

Helen Eisner: I understand what you're saying that there may not have been a parallel agreement, similar to the agreement that we've showed you for the transition from Grayson and Kubli to Kubli & Associates. As far as fees though, what arrangement existed?

Rep. Grayson: I don't remember making any arrangements.

Helen Eisner: Okay. What financial interest did you maintain in any of the cases that were pending when you left Grayson Law Center and were transitioned to Victor Kubli?

Rep. Grayson: As I indicated before there are receivables. There were receivables for Grayson & Kubli. There were receivables for Grayson Law Center. In that situation there was some parallel, but you're talking at a much smaller scale for the reason that I just described, so there are still receivables.

Helen Eisner: Beyond receivables. Did you maintain any type of financial interest in cases that you were working on, or anyone was working on, as a part of Grayson Law Center that were transitioned to Victor Kubli?

Rep. Grayson: I think I've answered your question.

Helen Eisner: You answered my question as far as receivables and collections. I'm trying to understand if there was any additional financial interest in those cases.

Rep. Grayson: Just what I said. I don't know how to explain it further. I don't understand what you're saying. There were receivables. There likely are receivables. I certainly haven't looked lately, but there are receivables. I don't understand what it is that you are asking me. Receivables are receivables are receivables. What else can I say?

Paul Solis: She's asking beyond that though Congressman.

Rep. Grayson: Okay. I don't know how to answer that question.

Paul Solis: You don't know how to answer whether or not there's other-

Rep. Grayson: Receivables is a very broad term, so I don't know what there is beyond receivables here. You're asking ... I don't understand your point.

Paul Solis: It's just a question whether or not you had other financial interests in the cases besides money that was owed from the work on the cases.

Rep. Grayson: Well I suppose the retainer agreements are still in effect. Is that what you are asking me?

Paul Solis: I mean if that's your answer. I don't know. Retainer agreements. Can you explain that a little further?

Rep. Grayson: Well sure. Lawyers have retainer agreements when they are in private practice, and those agreements basically continue in effect until they are no longer in effect.

Paul Solis: Some of those agreements would have still been in effect when you assumed office the second time?

Brett Kappel: I think you need to be more specific.

Rep. Grayson: There were ... The agreements by their nature don't self-terminate, so its implicit in the agreement that the agreement remains in effect indefinitely. I mean I represented private clients and entities that I remember going back to 1991, so I guess it's fair to say that I have financial interest in every single retainer agreement I've ever signed going back to 1991, but it's just a fact of ... It's some sort of legal conclusion, but it's implicit in the nature of those kinds of agreements. Is that what you're getting at?

Paul Solis: Our question still stands. Is there any ... Besides receivables and money that was-

Rep. Grayson: I think that's a receivable.

Paul Solis: Okay.

Rep. Grayson: I wouldn't say that that's aside from receivables. I think that's a receivable.

Helen Eisner: Besides receivables. I apologize, but I'm just trying to understand and make sure that your definition of receivables makes sense to me and our line of questioning here.

Brett Kappel: Why don't you try coming up with a different term for what it is you're looking for?

Helen Eisner: This was a term that-

Paul Solis: I'm not sure Helen came up with the term.

Helen Eisner: I think, Congressman Grayson came up with the term. And is using it broadly, so we are trying to understand your definition.

Paul Solis: You're asking us to define a term that you offered Congressman, so that's sort of difficult.

Rep. Grayson: It's a vehicle for things that you can receive.

Helen Eisner: Okay. Let's go into that. For the cases that were pending when you entered Congress, what were the things that you could receive?

Rep. Grayson: Money.

Helen Eisner: Money based on what?

Rep. Grayson: The terms of the representation. Whatever the retainer agreement said.

Helen Eisner: Was this money that was owed to you at the time that you entered Congress?

Rep. Grayson: No. That's not the way agreements like that work.

Helen Eisner: Okay. Explain to us how agreements like that work.

Rep. Grayson: Okay. The way it works is that in a normal case you send a bill, and at the point the money is owed to you. That's when you can say at that point somebody owes me X. That's the way that works. I mean my goodness. I'm sure your familiar with this. Everyone's familiar with this.

Helen Eisner: I'm familiar with that. I'm trying to understand if there was anything that was owed to you that was not based in that narrow circumstance where a bill had been sent and it hadn't been paid.

Rep. Grayson: Yes. Every agreement of every kind gives rise to legal rights. As I said before, if one wanted to take a broad view of things every single retainer agreement, and there are dozens and dozens of them, that I've ever signed in my entire life on behalf of Grayson Law Center, or Grayson & Kubli, or any of the other names that were practiced under, every single one of those has legal entitlements, rights if you will, under those agreements and obligations too.

Helen Eisner: At Grayson & Kubli did you work on False Claims Act cases?

Rep. Grayson: Yes.

Helen Eisner: How did billing work for those False Claims Act cases?

Rep. Grayson: It varied.

Helen Eisner: It varied between ... What were the different ways that billing was structured for those types of cases?

Rep. Grayson: From time to time we would bill or accrue disbursements, and when we were successful we would try to collect contingent fees from defendants.

Helen Eisner: So a combination? Is that accurate? Disbursements and then separately contingency fees for clients involved in False Claims Act cases?

Rep. Grayson: Well they are two different things. I'm not sure what you mean by combination.

Helen Eisner: They are two separate ways of billing clients. Sometimes it was disbursement, sometimes it was contingent fees, or would there be a combination at times?

Rep. Grayson: Sometimes we charged these clients legal fees as well. It varied depending upon the circumstances. Some cases were full contingent fee cases. Some were partial contingent fee cases. Some cases were not contingent fee cases at all. Some cases we billed on an hourly bases. That's why I said it varied.

Helen Eisner: Okay. I want to go a little bit into the profits for Grayson Law Center, and hopefully you can help us understand these. We are going to provide documents.

Rep. Grayson: Good. I would certainly have difficulty answering questions without documents when you are talking about the profits for a given year for a given entity. I'm going to have to see those documents.

Helen Eisner: Okay. For 2012, we're talking about three years ago.

Rep. Grayson: Yes.

Helen Eisner: Do you have a general sense of profits for Grayson Law Center?

Rep. Grayson: No.

Helen Eisner: 2013?

Rep. Grayson: 2013 it wasn't active. In 2013 Grayson Law Center was not active.

Helen Eisner: Let's go into some of the documents. I think that I actually provided you that disclosure. The 2012 one. If you don't mind taking that back.

Rep. Grayson: I hope you're not going to give me a part of a document again.

Helen Eisner: This is ... First of all, we will ... We're going to work through the documents, and we can have a discussion if any type of issue or concern comes up, but let's look at this document. This is your financial disclosure statement from 2012. August 12, 2013.

Rep. Grayson: Yes.

Helen Eisner: This is page four. The last notation under block A.

Rep. Grayson: Yes.

Helen Eisner: What is that?

Rep. Grayson: It says GLCPC stock.

Helen Eisner: What is GLCPC?

Rep. Grayson: The successor named to Grayson Law Center.

Helen Eisner: This is the 2012 report? Was it known as GLCPC in 2012?

Rep. Grayson: I don't remember.

Helen Eisner: Was Grayson Law Center referred to as GLCPC?

Rep. Grayson: By whom?

Helen Eisner: By you? By anyone?

Rep. Grayson: I don't remember. I can't speak for anybody else.

Helen Eisner: You completed this form?

Rep. Grayson: Yes I did.

Helen Eisner: I just want to make sure I understand that GLCPC is Grayson Law Center.

Rep. Grayson: Well, you said 2012. You dated the form as August 12th of 2013. I already said that GLCPC refers to the entity whose name changed formally known as Grayson Law Center, PC.

Helen Eisner: We're looking at Grayson Law Center. I'm going to give you this tax form. This is THAG 0816. It's a form that you provided to our office. Towards the bottom of the page it says "self-prepared."

Rep. Grayson: Yes I see that.

Helen Eisner: Did you prepare this form?

Rep. Grayson: Yes. In a general sense.

Helen Eisner: What does that mean, "in a general sense?"

Rep. Grayson: I mean I relied upon numbers provided by others in preparing this form.

Helen Eisner: I'm also going to provide you with THAG0808. This is ... I'm just hoping you can help me understand this.

Rep. Grayson: All right.

Helen Eisner: For page 0816, at the top it says total assets \$357,232, and then page 0808 we've got ordinary business income listed as-

Rep. Grayson: I don't see 0808.

Helen Eisner: Is that the document I just provided here?

Rep. Grayson: You gave me 0807.

Helen Eisner: That's the ... The bates number is the THAG number. I'm sorry that's confusing.

Rep. Grayson: Oh I see. Okay. I didn't realize you were referring to those numbers. All right. Go ahead.

Helen Eisner: We've got an ordinary business income over \$300,000. We've got total assets \$357,000 approximately. I'm just trying to understand why this says indefinite on your financial disclosure report on page four towards the bottom.

Rep. Grayson: Probably because we hadn't filed the return yet. What's the date on this return?

Helen Eisner: This is your ... It says ... These are the 2012 forms that you provided. This was filed ... Your financial disclosure was filed August 12th, 2013.

Rep. Grayson: I understand that but when were these other two forms filed with the government? The schedule K-1 and the 1120-S? When were they filed?

Brett Kappel: Neither one of them is dated.

Helen Eisner: Neither one was dated. These are forms that you provided to us-

Rep. Grayson: Obviously, again, they're part of ... The schedule K-1 is part of a tax return filed by me in 2013. My guess is that it what probably filed after the date of the disclosure form, and that's why the disclosure form says indefinite because it had not been determined yet.

Helen Eisner: After August 12th, 2013?

Rep. Grayson: That would be how I surmise this. That's right. I believe, as we sit here today, that both the form 1120-S and the schedule K-1 were filed after the disclosure form, and therefore the form said indefinite.

Paul Solis: Do you know if you may have filed an amendment to your financial disclosures once these were filed?

Rep. Grayson: I don't know, but if we need to we certainly will. If that is some legal obligation then we will, but I will point out to you that information that you learn after the fact does not necessarily require an amendment of the form. The form based upon what you know as a certain point in time. There are due dates involved. In this certain case the due date for this was probably on or shortly after that date, and as of that date the information probably was indefinite. These forms that you provided to me were filed afterward. We're not under any legal obligation,

that I'm aware of, to amend based upon things you learned after you filed the form.

Helen Eisner: What conversations did you have with the Committee on Ethics about the fact that, as you are explaining to us, you are uncertain of the value of these particular assets?

Rep. Grayson: No. I didn't have any conversations about that with the Committee on Ethics, nor do I think any are necessary. I don't think that "indefinite" is somehow an inappropriate term to use in the forum. Quite to the contrary, I'm sure it's used often.

Helen Eisner: I'm going to continue to show you some forms here related to Grayson Law Center. This is THAG 0829. It's a 2013 form. Towards the top, you can see gross receipts or sales of \$164,194. What were those gross receipts or sales?

Rep. Grayson: Accounts receivable that very likely existed before I was sworn into office in 2012.

Helen Eisner: Was it only accounts receivable? Was there any other mechanism by which it was generating income that would be represented in this \$164,000?

Rep. Grayson: I don't believe so.

Helen Eisner: This is THAG2859.

Rep. Grayson: It looks like an unsigned copy of the same thing.

Helen Eisner: This was a copy that was provided to us by your counsel.

Rep. Grayson: I'm sure he was very thorough.

Helen Eisner: In line H of the form, it says "salaries and wages" and lists \$172,096

Rep. Grayson: I can see that.

Helen Eisner: What would those salaries and wages have represented for 2013?

Rep. Grayson: Well, I surmise, without actually knowing one way or the other, that those were salaries and wages for Carla Coleman, who was endeavoring to collect the accounts receivable, and probably for Alisa Roberts, who was working on my personal Derivium cases. She was representing me personally in the Derivium cases, and her salary's paid for through Grayson Law Center. That's what I surmise.

Helen Eisner: Were there any other employees in 2013 for Grayson Law Center?

Rep. Grayson: I doubt it.

Helen Eisner: Would you have received any of that compensation, salaries and wages?

Rep. Grayson: No, definitely not.

Helen Eisner: What income did Grayson Law Center generate in 2014?

Rep. Grayson: You have to show me a document before I can answer that question, but efforts have continued to try to collect on accounts receivable, and it's possible that there may have been further recoveries. It's also possible that there weren't.

Paul Solis: What do you mean by "further recoveries?"

Rep. Grayson: People paying money to the firm that they owed to firm. It's possible that there wasn't any. I just don't know without looking.

Helen Eisner: The recovery is there. Did they owe money to Grayson Law Center, the fees to Grayson Law Center?

Rep. Grayson: I don't know.

Helen Eisner: Would they have owed legal fees to any other entities that Grayson Law Center would have collected?

Rep. Grayson: Generally speaking, when you're talking about receivables for Grayson Law Center, you're talking about receivables for Grayson Law Center. I'm not aware of any other receivables that Grayson Law Center collected or was trying to collect.

Helen Eisner: For any work performed by Grayson & Kubli, would Grayson Law Center have collected any receivables for that work?

Rep. Grayson: I doubt it. That was many, many years earlier. I can't exclude the possibility. I'd have to actually go and check. I'm not the person who was actually undertaking that effort, so I'm the wrong person to ask. I'm not aware of any such efforts.

Helen Eisner: And the person who is undertaking those efforts is?

Rep. Grayson: Well, at this point, nobody, but Carla Coleman was undertaking those efforts during the period in question.

Helen Eisner: Same question as applied to Kubli & Associates, what recoverables, collections would Grayson Law Center have received based on work performed by Kubli & Associates?

Rep. Grayson: None, absolutely none, I can guarantee you that. If there had been any money received with Victor, I'm sure I would have been aware of that.

Helen Eisner: Understood. I want to ask you some questions about specific cases.

Rep. Grayson: Sure.

Helen Eisner: And you've gone through some of that, but we do have a number of cases that I think would be helpful.

Paul Solis: More water?

Rep. Grayson: I'd love some. Can I get some of that?

Paul Solis: Yeah.

Rep. Grayson: Thank you.

Helen Eisner: Should we take a quick pause for the recording?

Helen Eisner: Okay. This is Helen Eisner. We are back on the record here with Representative Grayson. I think we'll just start where we left off. I mentioned I would like to go through a few specific cases with you.

Rep. Grayson: Yeah, go ahead.

Helen Eisner: Rycroft v. Zeroline, Ltd., what was that case?

Rep. Grayson: That was a contingency case that was done under the False Claims Act.

Helen Eisner: What was your role in that case?

Rep. Grayson: Well, I signed the retainer agreement in that case. I don't remember doing a lot of work on it, if that's what you're asking me.

Helen Eisner: Did you perform legal work in that case?

Rep. Grayson: I may have. I think I remember drafting a complaint in that case. I don't remember doing any depositions or appear in court. I don't remember other work of that nature in that case.

Helen Eisner: What payments did you receive in that case?

Rep. Grayson: I'm not aware of any payments received in that case.

Helen Eisner: We understand that at some point, a payment was made from that False Claims Act case.

Rep. Grayson: It's possible. I just don't remember it. You have to tell me exactly what you're referring to when you say things like, "It's my understanding that ..."

Helen Eisner: Well, it's my understanding-

Rep. Grayson: You're not very specific.

Helen Eisner: Well, my understanding, based on public records related to this case, is that there was a payment related to the False Claims Act case that was paid out to the relators.

Rep. Grayson: I don't remember. When was it paid?

Helen Eisner: It was paid in 2013.

Rep. Grayson: Well, I don't think I was ... I'm certain I was not representing Rycroft in 2013.

Helen Eisner: When you entered Congress in 2009, what financial interests did you have in Rycroft?

Rep. Grayson: Whatever was based on the retainer agreement, if in fact it had been signed at that point. I don't remember when the Rycroft agreement was signed.

Helen Eisner: Would that retainer agreement have covered contingent fees?

Rep. Grayson: Yes.

Helen Eisner: When you entered Congress, if there had been a payment in that case, would you have stood to receive any payment related to that case, to Rycroft?

Rep. Grayson: You mean personally?

Helen Eisner: Personally.

Rep. Grayson: Well, I think the payment would have been made to the firm, not to me.

Helen Eisner: And you say "the firm," Grayson, which firm?

Rep. Grayson: Whichever firm signed the retainer agreement or stood as the successor in interest, I guess. I don't know.

Helen Eisner: Based on the retainer agreement in Rycroft and the potential that it covered contingency or payment, and as I explained to you, that there was in fact a payment in this case that went to the relator, what payments did you receive, either you personally or the law firm Grayson & Kubli, Grayson Law Center, related to the Rycroft case?

Rep. Grayson: Okay, as I already explained to you, I don't remember receiving any payments. However, I want to point out to you that in a case like that, when we later receive the payment, the normal practice is to make some corresponding payment to the attorney of record. I definitely was not involved in any firm that was an attorney of record in the Rycroft case in 2013. At that point, it's likely that Victor Kubli was representing Rycroft, but I couldn't tell you that for a fact. That's just something I surmise based upon circumstantial situations. Any such payment likely would have been routed through him, but I can't tell you that for a fact because I simply don't remember.

Helen Eisner: Besides the payment that would go to the attorney of record, would there be any additional payment in cases that were structured like this that would go to law firms that performed work related to the case?

Rep. Grayson: It's possible.

Helen Eisner: Did agreements that you drafted that you had in place regarding cases like this, False Claims Act cases, include provisions where the law firm, in addition to the attorney of record, would receive a portion of any payment in addition to attorney's fees?

Rep. Grayson: I think you're conflating two different things. There are rights under the retainer agreement and there are procedures that I've used in False Claims Act cases that are, if you will, customary, and one is independent of another. If the law firm had certain legal rights to receive payments, that may or may not correspond to how the world works, if you will. That's really all I can say that would shed any light on that.

Helen Eisner: If-

Rep. Grayson: I will tell you that whatever rights existed for payment are rights that inured in the law firms and not in me.

Helen Eisner: As you described to us, you think that perhaps Victor Kubli was at least attorney of record, was working on this case at a point in time when potentially there was a payout. If Victor Kubli did receive any type of attorney's fees or fees related to this payment, would you have been entitled, or the law firms that you worked for previously been entitled to receive a portion of that payment?

Rep. Grayson: It's possible.

Helen Eisner: Can you explain that to us?

Rep. Grayson: Yeah, I already have. You're well aware of this. Retainer agreements establish certain legal rights. The situation that you just described is one where those legal rights would involve receiving a payment.

Helen Eisner: What I'm trying to understand is a situation where Victor Kubli received the payment. Are you saying that the retainer agreement originally signed with the client would govern any type of payment that came from Victor Kubli to you or to any of the law firms that you worked for?

Rep. Grayson: No, Victor was not party to the retainer agreement. The retainer agreement establishes certain rights in payments that are made for or to or on behalf of the client. And so if the client were receiving money or money was paid on behalf of the client in any case, then arguably, there would be some legal right, based upon the retainer agreement, to receive part or even conceivably all of that payment, depending upon the circumstances.

Helen Eisner: Did you have conversations with Victor Kubli about this process where conceivably there would be a right to receive part or all of a payment that he accrued?

Rep. Grayson: I don't remember receiving any payments. I don't remember discussing this with Victor.

Helen Eisner: You don't remember receiving any payments related to this Rycroft case. Did Grayson & Kubli or Grayson Law Center, in their legal status, legal name at that time, receive any payments related to this case?

Rep. Grayson: I don't know, but that would be a question for Carla, not for me, since Carla was responsible for that.

Helen Eisner: And if Office Manager were to try to identify whether or not a payment had occurred, what would she look at?

Rep. Grayson: I don't know.

Helen Eisner: If a payment were made and Office Manager had knowledge of these payments perhaps, did Office Manager ever provide assets directly from Grayson & Kubli or Grayson Law Center to your personal account?

Rep. Grayson: You mean ever in the 14 year history that ...

Helen Eisner: Related to the type of situation we're talking about.

Rep. Grayson: Are we talking about Rycroft or are we talking about, in general, ever?

Helen Eisner: Let's talk about Rycroft.

Rep. Grayson: Okay, I don't remember that ever happening.

Helen Eisner: Okay. What about in other False Claims Act cases? What payments were made?

Rep. Grayson: It probably happened from time to time, but generally speaking, the transfers were in the other direction. This is why ... You can see from the tax returns that there were entire years where the law firm actually lost money and that's in the nature of contingent fee work. You may get paid long after you incur the expense involved, in salaries and expert witnesses and court fees and deposition transcripts and so on. Generally, there was money going from my pocket into these legal entities and not vica-versa.

Helen Eisner: When you say, it probably happened from time-to-time.

Rep. Grayson: No I didn't say that.

Helen Eisner: I believe earlier, about a minute ago, you said, "from time to time it probably happened." That there was a payment related to a case, False Claims Act case, where Office Manager would've transferred the funds.

Brett Kappel: No, what he said was, that Carla would've transferred funds into his account. Not specifically that they were from a False Claims Act case.

Helen Eisner: To clarify, I just want to understand, you said it probably happened from time to time. What were you referring to.

Rep. Grayson: I can't clarify, because I told you that the law firm's undertakings, Grayson Law Center undertakings were very limited. We're talking about between the time I left Congress in 2010 and the time that I resumed activities, after my election, in 2012, in addition to that, a good deal of time of that was spent involved in my 2012 campaign. We're talking about a very limited set of operations. With regards to Grayson and Kubli, that was a much more substantial operation and as I sit here today, my general impression is that money was transferred in to Grayson and Kubli, not out.

Obviously the tax returns would reflect that on an annual basis. One could actually try to surmise that. Your mandate, in this case, asked us for documents only going back to 2008. God help us all if you want to go back to 1991. I don't even think that's necessarily appropriate or fair to me at this point. Since you're only looking to see if the disclosures were accurate and so on. If you're asking me, whether in the entire history of the firm, there was money that came into the firm that was deposited in my bank account, going all the way back to 1991, I find it very difficult to answer that question as I sit here today. Most of the time, money was transferred into the firm, not out of the firm. Whether you can net that out or not is ... Listen, as I said, let's try to stick to the relevant subjects here, 2008 and onward. With regard to that, I can't identify times that you're referring to, when I can answer your question and say yes.

Helen Eisner: Okay. The scope of my question was narrowly Rycroft and then other cases

Rep. Grayson: To reiterate, I don't remember receiving any money regarding Rycroft.

Helen Eisner: Then other cases, payment was made to Victor Kubli as of a part of either Kubli and Associates or the Law Office of Victor Kubli, which I believe is the entity that was formed after Grayson Law Center. Where payments were made to Victor Kubli and transferred to one of the legal entities that we have talked about, Grayson Law Center, Grayson Kubli and then a transfer was made to your personal account. That's the scope of time I'm talking about sir, we're not talking about going back to 1991. This is a time frame that reflects the period of time in our request for information post 2008.

Rep. Grayson: I don't remember that happening.

Helen Eisner: Let's move on to the next case.

Rep. Grayson: Okay. Go Ahead.

Helen Eisner: DRC, Inc. vs. Custer Battles, what was that case?

Rep. Grayson: That was a whistle-blower case under the Civil False Claims Act.

Helen Eisner: Okay. What time period was that case pending?

Rep. Grayson: I think we went to trial in that case in 2007 or 2008.

Helen Eisner: What was your role in that case and in that trial?

Rep. Grayson: I was lead counsel, for the plaintiff, the relator specifically.

Helen Eisner: What payments did you receive in that case?

Rep. Grayson: None.

Helen Eisner: We understand, again this is based on public records, that there was a payment in that case, to the relator.

Rep. Grayson: You'd have to show that to me.

Helen Eisner: I'm telling you, based on public records that I have reviewed and Paul has reviewed, there was payment in that case.

Rep. Grayson: I disagree. If you're not willing to show me the record, it's not being fair to me. If you have a record, show it to me, if you don't have a record, why are we even talking about this.

Paul Solis: It's not necessarily dependent on records Congressman, she's asking you if received a payment based on settlement, or based on a judgement, asking if you received it as the lead counsel in the case. I don't think you need document to be able to answer that question.

Rep. Grayson: I did, I actually answered the question. The answer is no. I did answer the question, the answer is no.

Paul Solis: All right.

Helen Eisner: Did you maintain any type of financial ...

Rep. Grayson: If we can continue this, what I'm concerned about, is the fact that you are claiming, that there is a public record, that indicates to the contrary to my answer, but you're not providing that to me. That is unfair to me.

Paul Solis: No, I think what Helen's saying, I'll let Helen sort of explain it, but I think what she's saying is that public records show a judgement ... There was a judgement, there was a settlement of some sort, in this case. Where that money went, we don't know, and that's why we're asking.

Rep. Grayson: Okay. I don't remember that happening. Again, we're talking about events of a decade ago. There's always the possibility that I could be wrong, but with regard to Custer Battles, I don't remember any recovery occurring. Battles basically fled the country. In Custer's case there was never any success, at this point, to collect any judgement, frankly because Thurman hasn't bothered to do so. It's the government's responsibility to collect on those judgments, they're judgments on behalf of the United States. I don't remember any recovery against Custer or Battles, or the entity Custer Battles.

Helen Eisner: What is the judgment you're referring to?

Rep. Grayson: The judgment I'm referring to is the judgment that you're referring to. You asked me about money, not judgments. You said, "Did you receive any money?", and I told you, I don't remember that, I don't think that happened.

Helen Eisner: I ...

Rep. Grayson: You also told me that there was a public record indicating that there was such a payment, and I asked you to provide it to me, and you have not done so.

Helen Eisner: Again, exactly reflecting what Paul said earlier, the question relates to judgments, payments that were due to the relator in this case. The public record I'm referring to, is not a payment directly to you Congressman, that's not what we're discussing.

Rep. Grayson: That's not what you said. We can go back and check the recording, if you want, but you said there was a public record of a payment being made. As far as I know, that is not correct. If it is correct, please show it to me. But, in any event, if you are now saying you're referring to judgment rather than payment, I accept the change that you're making and the question that you're asking, and I will tell you that there was, in fact, a judgment in that case, which to date, I'm not aware of any successful collection on. The reason that I described. It's the government's responsibility, the government hasn't moved on it.

Helen Eisner: Okay. That's clarification. I think we're on the same page now. When I said payment being made, I meant to the relator, not to you. We'll use the term judgment, just so everyone is on the same page. As far as we're aware, what you're saying is that a judgment was made, but the government has not collected. Has any payment, I'll just clarify, been made, directly to you, related to this case?

Rep. Grayson: No, not that I'm aware of. Again, I don't claim some encyclopedic knowledge of events of a decade ago, but the answer is, I'm not aware of any payment like that, and I don't think there is any.

Helen Eisner: What retainer agreement did you have for this case?

Rep. Grayson: A contingent fee retainer agreement.

Helen Eisner: Okay. Under that contingent fee agreement, what financial interest did you maintain in the case when you entered Congress?

Rep. Grayson: My answer is the same as I answered earlier, when you asked me the general question that corresponds to this question. It's no different from the answers I gave you earlier.

Paul Solis: It is the general receivables answer.

Rep. Grayson: I think that I indicated earlier, that every retainer agreement creates certain rights, the rights have an indefinite period of time. They're not extinguished by the simple fact that I might get elected to Congress or not. They exist in perpetuity until they are extinguished by law.

Helen Eisner: I'm going to continue to go through our list of cases here, Godfrey vs KBR.

Rep. Grayson: Let me make some notes . . . Just to be clear about this, thank you ... You've asked me so far about which cases? Custer Battles was the second case.

Brett Kappel: Rycroft was the first.

Rep. Grayson: All right, let's go ahead.

Helen Eisner: Godfrey vs. KBR, what was that case?

Rep. Grayson: I don't remember.

Helen Eisner: Were you involved in that case as a part of Grayson and Kubli?

Rep. Grayson: It's possible that I entered an appearance in that case, again I don't remember, at this point, anything about that case. I can't even tell you the facts of the case at this point. I don't remember anything about the client, the facts of the case, obviously I remember about KBR, but I don't remember anything about what the allegations were in that case.

Helen Eisner: Was there a retainer agreement related to the client?

Rep. Grayson: Yes.

Helen Eisner: Was it a contingent fee case?

Rep. Grayson: I believe so.

Helen Eisner: Were any judgments awarded to the relator in that case?

Rep. Grayson: I don't know.

Helen Eisner: Let's move on to Ruth Ritchie vs Lockheed Martin.

Rep. Grayson: Okay.

Helen Eisner: What is that case?

Rep. Grayson: Another contingent fee case brought under the False Claims Act.

Helen Eisner: What was your role in that case?

Rep. Grayson: The same as I just described with regard to Godfrey. I don't remember actively participating the litigation of that case, I don't remember doing depositions or doing related activities. I don't remember the facts of the case. I don't remember anything other than the fact that, that was one of our contingent fee cases and I do know, that for all of our contingent fee cases, we had a signed retainer agreement.

Helen Eisner: Sheila El-Amin vs George Washington University. What was that case?

Rep. Grayson: Another contingent fee case under the Civil False Claims Act.

Helen Eisner: What was your role in that case?

Rep. Grayson: That's a case where I do recall doing some depositions. I do recall going to court in that case, long, long, long before I was elected to Congress. That case was pending for more than a decade, if I remember right, we used to refer to it as the Bleak House case, cause it went on interminably. I'm not sure how that case ended up, because that case was pending when I was elected to Congress and I believe, when I was re-elected to Congress, it was still pending.

Helen Eisner: In that interim period, because, as you said, this was an ongoing case, did you do work on that case as a part of Grayson Law Center?

Rep. Grayson: Probably, although I don't remember specifically. I don't remember whether the work that I did was before 2008 or during the interim.

Helen Eisner: What judgments were awarded to the relater in that case?

Rep. Grayson: I'm not aware of any.

Helen Eisner: This retainer agreement, similar to the ones you've described to us before, involving contingent fee, or was there anything different about this particular retainer agreement?

Rep. Grayson: I don't remember specifically, but I do know there was a retainer agreement, and I'm very confident it was a contingent fee retainer.

Helen Eisner: Do you have copies of the retainer agreements for these cases?

Rep. Grayson: Not that I'm aware of. I don't maintain any records at all, of files for legal cases or anything else. That's not my job. Everything that represents a file is in the possession of someone other than me.

Paul Solis: Who would that be?

Rep. Grayson: It varies. Sometimes it's our ... With regards to political matters it could be a number of people in the office. When I say political, I mean governmental matters. With regard to campaign matters, it could be a number of people on the campaign. With regard to personal financial matters, generally speaking, to the extent that it involves the Fund that would be Carla.

Paul Solis: How about retainer payments for-

Rep. Grayson: That would probably be Victor.

Helen Eisner: That includes the time period for Grayson Law Center? Victor would have access to those retainer agreements?

Rep. Grayson: He may or may not. You asked me who might. I don't know if he does or not. I can't answer that question.

Helen Eisner: What about, as we understand and you explained this to us, at some point Victor left Grayson Law Center-

Rep. Grayson: Yes.

Helen Eisner: And moved on to a separate legal practice. At that point, when he left, who would have maintained files related to these retainer agreements?

Rep. Grayson: I can only speculate at this point. I don't know how Carla resolved that with Victor. I was never in charge of those files. That was a matter I left as between Carla and Victor, and there may have been other people involved too because, as I said, I think Victor picked up some of these cases, but there may have been other attorneys who picked up other cases. I just don't know. I mean that's not my responsibility.

Helen Eisner: Okay. McBride versus Halliburton?

Rep. Grayson: What's your question?

Helen Eisner: What is that case?

Rep. Grayson: A contingent fee case. The relator's name is Julie McBride. That is a case brought under the False Claims Act.

Helen Eisner: What was your involvement in that case?

Rep. Grayson: It was similar to the El-Amin case. It was another case that went on for many years. Before I was elected to Congress I believe the case was already pending. Before I was elected to Congress when I was working as part of Grayson & Kubli entity. I went to court on that case. I remember that. I may have done depositions in that case before I was elected to Congress the first time, and essentially after I was elected I remained largely ... I was completely detached from that case while serving in Congress. I don't remember resuming

involvement in that case when Grayson Law Center was formed, but it could well be that Victor just took care of that case while he was an employee at Grayson Law Center, and I don't remember exactly what involvement, if any, I had during that period of time when I was working with Grayson Law Center.

Helen Eisner: What judgments were made in favor of the relator in that case?

Rep. Grayson: None.

Helen Eisner: Another case. What is-

Rep. Grayson: If I can just point out to you ... If I can just add this because you're referring to judgments. Judgments in no even remote tangential sense refer to anything that would resemble income to me. I hope you understand that. In these cases, it is the government's responsibility ... In those cases like the Custer Battles case where there is a judgment, it's the government's responsibility to collect on that. That may or may not result in revenue to the attorney's. That may or may not result in net income to the attorney's. Bear in mind that revenue is not the same as income, so I have to tell you I think you're going pretty afield, particularly when you're asking me about cases when it's a matter of public record that there was no judgment on behalf of the relater.

I'm sure that you have access to the McBride case files. It's been unsealed now for many years. You would know better than me at this point whether there had ever been a judgment. In that particular case I'm well aware of the fact that there isn't a judgment, and I'm not sure why you're asking me questions like this given the fact that even if there were a judgment it wouldn't actually be income to me.

Helen Eisner: How are you aware that there wasn't a judgment in that case?

Rep. Grayson: Because from time to time Julie writes to me, and she tells me what's going on in the case. I'm not involved in the case. I haven't gone to court on the case in many many years, but Julie has my email address, and from time to time she lets me know. That's how I happen to know what's going on in that case.

Helen Eisner: Okay. I've got two more cases on our list here.

Rep. Grayson: Okay. Let's do it.

Helen Eisner: What is Ubl versus IIF Data Solutions?

Rep. Grayson: A contingent fee case. That was brought under the False Claims Act.

Helen Eisner: What was your role in that case?

Rep. Grayson: I was an attorney in that case until I was elected to Congress and was sworn in.

Helen Eisner: Who took over the case when you were sworn in?

Rep. Grayson: Victor Kubli.

Helen Eisner: Understanding the discussion we just had, asking the same question, what judgments were paid to the relator in that case?

Rep. Grayson: Now you're asking me a different question.

Helen Eisner: What judgments were made in that case?

Rep. Grayson: None.

Helen Eisner: None.

Rep. Grayson: You're ask ... There was never a judgment entered in favor of the relator in that case. Quite the contrary.

Helen Eisner: Okay.

Paul Solis: What do you mean by the contrary?

Helen Eisner: Well there's a published decision describing Ubl as a liar so you can tell from that that the court wasn't very impressed with his testimony. The 4th Circuit doesn't use the term liar very often.

Helen Eisner: What is Command Management Services?

Rep. Grayson: That was a government contracts client we had.

Helen Eisner: Was there a retainer agreement for that case?

Rep. Grayson: Again, you're calling upon information that is many many years old, but if I recall correctly, there were several cases revolving around Command. I don't remember specifically much about them, but before we undertook representation of Command I'm sure that we signed a retainer agreement. At this point my best guess is that it probably was not a contingency fee agreement, but I really can't remember clearly at this point.

Helen Eisner: Okay. Let me clarify a little bit for this case. As you said, it seems that there might have been multiple representations, and case might have actually been inappropriate terminology. This is a bid protest that lasted from 2012 to 2013 involving Army Mission Implementation and Contracting Center. Does that refresh your memory?

Rep. Grayson: No. It doesn't. I don't remember that bid protest. I do remember we did bid protests for Command. I don't remember that one.

Helen Eisner: Okay.

Rep. Grayson: I may have had nothing to do with it.

Helen Eisner: For those retainer agreements that may have existed for Command Management, how did payment work?

Rep. Grayson: Command generally paid us by the hour.

Helen Eisner: Hour. Okay.

Rep. Grayson: With additional amounts for disbursements.

Helen Eisner: I want to move on to a different topic. I don't know if people ...

Paul Solis: It's up to you guys. If you want to take a short break we can do that or we can-

Brett Kappel: Twenty 'til 12.

Rep. Grayson: Let's keep going until the lunch break.

Helen Eisner: Okay. The Grayson Fund. What is the purpose of the Grayson Fund? I understand that the name has changed at this point.

Rep. Grayson: Yes.

Helen Eisner: If it's okay I'm going to refer to it as the Grayson Fund. I know that as of late September Sibylline Fund is the current legal name, but the Grayson Fund, what is the purpose of that entity?

Rep. Grayson: It's an investment partnership.

Helen Eisner: What was your role in establishing the Grayson Fund?

Rep. Grayson: I'm a partner.

Helen Eisner: Walk us through the process of establishing a partnership for the Grayson Fund.

Rep. Grayson: Various legal entities were established in relevant jurisdictions, and I served as a partner among those legal entities.

Helen Eisner: Who made decisions about which legal entities would be established?

Rep. Grayson: The lawyers.

Helen Eisner: These are lawyers employed by you or by the fund?

Rep. Grayson: By the fund.

Helen Eisner: Okay. Who made the decision to hire these lawyers?

Rep. Grayson: I did.

Helen Eisner: Working with the lawyers, who made decisions about structuring the fund?

Rep. Grayson: The lawyers.

Helen Eisner: Who signed off on the decisions of the lawyers?

Rep. Grayson: I'm not sure what you mean by "signed off".

Helen Eisner: Who confirmed decision-making?

Rep. Grayson: The lawyers set up the funds in the manner that they considered to be appropriate.

Helen Eisner: Were the lawyers partners in the fund?

Rep. Grayson: No.

Helen Eisner: Okay. Who were the partners in the fund?

Rep. Grayson: It's what we call Friends and Family Fund. It was established only with family money.

Helen Eisner: I want to just quickly go through the various entities. I know we talked about different legal entities, and understand what your position would have been for each of those entities, so for the Grayson Fund LP what was your position?

Rep. Grayson: Partner.

Helen Eisner: The Grayson Master Fund?

Rep. Grayson: A partner. By the way, I'm not at all certain of what I'm saying at this point. So you know I'm giving you my best answer. I know there are various technical terms that are used, and it's possible that I'm misusing the terms, but in each case it was a partnership or an LLC. In the case of partnerships I was a partner. In the case of LLC's I was a member, and that's the best identification I could give to you. This was entirely left up to the lawyers.

Paul Solis: In a case of a partnership where you're a partner, are there any other partners?

Rep. Grayson: As I indicated it was a friends and family fund, and it was set up with family money.

Paul Solis: Who is ... Are there individuals who other partners of the partnerships?

Rep. Grayson: We ultimately had two friends, long-standing friends in both cases, who decided to become limited partners. They are the ... Together with the family money they are the only participants in the partnerships to date.

Brett Kappel: Were.

Rep. Grayson: Were. That's what I mean to say. They came into the fund. They left the fund, and they are no longer members of the fund. Right now the fund is again limited to family money.

Helen Eisner: I'm going to keep going through these entities, and I understand your qualification for remembering the particular position or title. Grayson Fund Caymans Ltd?

Rep. Grayson: If it is a partnership then I'm a partner, and if it is an LLC I'm a member. I can't tell from the name which one it is. Maybe you're only giving me part of the name because generally speaking it's identified in the name whether it's an LLC or not.

Helen Eisner: This was Grayson Fund Cayman's Ltd.

Rep. Grayson: Ltd. would suggest to me that it was probably a partnership, but I can't be sure of that.

Helen Eisner: Grayson Fund General Partner?

Rep. Grayson: I would be a partner in that.

Helen Eisner: Were you a limited partner or a general partner?

Rep. Grayson: I don't remember.

Helen Eisner: Okay.

Rep. Grayson: I don't think I'm able to make that distinction as I sit here today.

Ildfonso Mas: Can you just repeat the full name of that because I think there's a suffix that might-

Helen Eisner: Grayson Fund General Partner?

Ildfonso Mas: There's not LP, LLC-

Helen Eisner: Oh you know I think it is LP. Is the correct. . . that is ... I understand that that is short-hand. Grayson Fund General Partner I don't think that there's another entity that has any similar name to that. I believe it is Grayson Fund ... Grayson Fund General Partner LP.

Rep. Grayson: Okay. I don't want to speculate so all I'm going to be able to tell you is that if the word partner is in the title, I am probably a partner. If the phrase or term LLC is in the title, I'm probably a member. Beyond that I'm not able to tell you. If you have documents you want to show to me that indicate one way or another I'll be happy to confirm or deny as the case may be.

Helen Eisner: What about Grayson Management Company?

Rep. Grayson: Well in that case...

Brett Kappel: I believe that's an LLC.

Rep. Grayson: If that's an LLC then I would likely in that entity be a member.

Helen Eisner: I've see Grayson Fund be referred to sort of collectively of all these entities as Grayson Fund. Is that accurate? If I said Grayson Fund would you say collectively those are those entities, or you're referring to a specific legal entity when you say Grayson Fund?

Rep. Grayson: It depends on the circumstances. I don't think I can answer that generally.

Helen Eisner: I'm just asking sort of as clarification for my next question, which is who are the employees since inception of the Grayson Fund?

Rep. Grayson: If I recall correctly, Carla Coleman's an employee for one day a week. I don't know which of those legal entities employ's her. I think Todd Jurkowski was a full-time employee of the fund during the period before I was re-elected to Congress. I don't recall any other employees. I can confirm to you I have never been an employee of any of these entities.

Helen Eisner: Okay. Who's David Keith?

Rep. Grayson: David Keith is someone who works part-time for the Fund the way that Carla does.

Helen Eisner: Okay. How long has he held that part-time role?

Rep. Grayson: Probably more than a year.

Helen Eisner: What are his responsibilities?

Rep. Grayson: He's involved in situations where there might be somebody who's interested in investing in the fund.

Helen Eisner: How does he get information about individuals who might be interested in investing in the fund?

Rep. Grayson: From Carla.

Helen Eisner: How does Office Manager get that information?

Rep. Grayson: It hasn't happened recently, but from time to time someone might express an interest in investing in the fund who's a personal friend since this is a friends and family fund, and in that case they either make that known to Carla or I make that known to Carla. Then in that kind of circumstance either ... Depending on the time-frame we're talking about, either Todd would follow up, or Carla would follow up, or David would follow up.

Helen Eisner: What is your role in making decisions about the fund's investments?

Rep. Grayson: I am the person who makes those decisions.

Helen Eisner: Does anyone else participate in that process? Making decisions about the fund's investments?

Rep. Grayson: No.

Helen Eisner: Is it fair to say that you decide when the fund makes a purchase or a sale?

Rep. Grayson: Of a capital asset? Yes. We're not talking about furniture.

Helen Eisner: Yes. Not furniture. I'm talking about assets and investments, but do you make decisions about furniture?

Rep. Grayson: No.

Helen Eisner: Okay.

Brett Kappel: See? She did smile.

Rep. Grayson: We'll leave that to people with better taste than me.

Helen Eisner: Okay. Fair enough. How often do you monitor the fund's investments?

Rep. Grayson: Not very often.

Helen Eisner: Okay. Can you quantify that for us?

Rep. Grayson: I really can't. It's just not very often.

Helen Eisner: When you do monitor, what's the process for monitoring the funds investments?

Rep. Grayson: I got to a website that identifies the funds investments and their current value.

Helen Eisner: Okay. Who else has access to that website?

Rep. Grayson: No one I know of other than the brokerage firm.

Helen Eisner: Okay.

Rep. Grayson: And potentially the accountants. I think the accountants probably have access to that information.

Helen Eisner: When we see the term "investment manager" in documents related to the fund, documents that you've provided to us, who is that referring to? Investment Manager.

Rep. Grayson: I'm not sure that that's a term that's applicable to this situation really.

Helen Eisner: That's not, I'm sorry, a what that's-

Rep. Grayson: It's not applicable to this situation.

Helen Eisner: The term investment manager?

Rep. Grayson: Right.

Helen Eisner: Can you explain that a little bit more why it's not applicable? This is a term that we've seen in documents. I'm just trying to understand.

Brett Kappel: If you show him the document . . .

Rep. Grayson: Go ahead. There's a lot of boilerplate that goes into these things, and there's all sorts of information in these doc- ... I assume judging from what you have in front of me here that you may be referring to some kind of private offering memorandum. It's just almost entirely boilerplate. It has very little to do with the actual operations of the fund on any basis. Including a day by day basis.

Helen Eisner: Okay. That helps clarify. We'll come across that term in the document soon, and you can look at it and tell me if it's something that is relevant or what it means to you in relation to that document. What role do you-

Rep. Grayson: What it means to me is something that goes by the initials CYA, but the lawyers draft these documents in such a way so they try to deal with every conceivable contingency, and I think that what you're describing is a good example of that. It doesn't correspond to the way the funds are actually managed. The fund. If you're referring to it as all five of the-

Paul Solis: There is no investment manager?

Rep. Grayson: Not as the term would broadly be used.

Paul Solis: Is there an investment manager that does not correspond to how the term would normally be used?

Rep. Grayson: No.

Helen Eisner: What role do you play in attracting investors to the fund?

Rep. Grayson: I don't. As I indicated to you before, on two occasions there have been friends who expressed an interest in investing in the fund, and we arranged for that to happen. They are no longer partners of the fund. Their investments have been cashed out, and the money returned to them.

Helen Eisner: What efforts were made by the fund, or have been made or continue to be made, to attract investors who are not family or friends?

Rep. Grayson: None.

Helen Eisner: I'm going to show you a document. It's TJ1597 through 1609.

Rep. Grayson: Okay. I have the document.

Helen Eisner: Have you seen this before? This document.

Rep. Grayson: Yes.

Helen Eisner: What was it used for?

Rep. Grayson: I don't think it was ever used.

Helen Eisner: Did employees of the fund ever attend events or conferences related to the fund's business?

Rep. Grayson: It's possible. That would have been Todd if that happened. It was not me.

Helen Eisner: Did Former Grayson Fund Vice President of Investor Relations ("Former Grayson Fund VP") attend conferences or events?

Rep. Grayson: It's possible.

Helen Eisner: What type of conferences or events would he attend?

Rep. Grayson: I think he would have attended financial events. I tried to basically make it possible for him to learn about finance in light of the fact that he had no training in finances. He had never taken any courses in this area, and had no formal education at all, so when he asked me to go to events I generally said yes, but I don't remember specifically what events he went to or even whether he went to those events.

Helen Eisner: What efforts did Former Grayson Fund VP undertake to reach out to investors on behalf of the fund?

Rep. Grayson: That's a question for Todd, but I don't think that ... I could tell you for a fact that he never brought any investors into the fund. I certainly would have been aware of that. That never happened.

Helen Eisner: Were you Former Grayson Fund VP's supervisor?

Rep. Grayson: Yes.

Helen Eisner: Were you aware of the types of activities that he performed on behalf of the fund?

Rep. Grayson: In a general sense, yes. I'm a very light supervisor.

Helen Eisner: I understand what you said, that he didn't bring in investors to the fund. Did he attempt to bring in investors to the fund?

Rep. Grayson: It's hard for me to say that. I did not in any sense supervise him on a day-by-day basis. I don't know exactly what efforts he may have made that I'm not aware of because I'm not aware of them.

Helen Eisner: Was investor outreach a part of his duties or his responsibilities?

Rep. Grayson: He was being trained to perform that in the future.

Helen Eisner: Since its inception to the present, how many investors has the Grayson Fund had? When I say "Grayson Fund" I guess I'm referring to the Grayson Fund LP.

Rep. Grayson: Oh I'm not able to distinguish. All I can tell you is that ... Well let me try to answer your question. I'm going to answer your question in light of fund generically, and include all five legal entities because I can't distinguish as I sit here today, except for the fact that I tell you that none of the money ever left the United States. I will tell you that. Apart from that I can't tell you exactly who was invested in which fund when, except for the fact that I just said, the one exception I can give to you. As I indicated before, other than family of mine there have been only two outside investors. Presently there are none, and both of those investors were long-time friends. I said that earlier.

Helen Eisner: What I would like to do is give you the opportunity to answer our questions about these two investors that you mentioned. The friends. I know I've had conversations with you counsel about your concerns about the identity-

Brett Kappel: It's not a concern. It's a legal obligation.

Rep. Grayson: I can't change that. I'm not going to violate the law and answer your questions.

Helen Eisner: I just wanted to make sure that you understand that this is a part of our investigation. A congressional investigation. We routinely look into confidential information. This is something that our Board has identified as relevant. I just want to again give you the opportunity to speak with us about those investors.

Rep. Grayson: I will reiterate what I said earlier, which is that the investors left the fund. All of the consideration they provided to the fund of any kind was returned to them in full. None of their contribution of the fund was kept. In neither case was anything resembling revenue, much less income, generated from the fund. That is true with regard to both of them. I think that that answers any substantive questions you may have about them, and it's unfortunate that I can't give you more information without breaching my own legal duties at this point. If your question is did their participation in the partnership generate any income, the answer is it didn't generate any income to anyone. Including the five legal entities that we're talking about. Much less to me.

Helen Eisner: Actually that's not my question at this point in time. I just wanted to know if you were willing to speak with us about the identity of those individual investors. It seems that you've answered that question.

Rep. Grayson: I can't. The answer is I can't.

Brett Kappel: He's described to you his relationship with them. He's given you documents that indicate how much money they invested in the fund. All the value of the fund. The only thing we're not providing is the identity of the investors. Both of whom were ... This fund was created before Congressman Grayson was re-elected. Right? He was not in Congress when it was created. They both expressed interest in this Fund during that time period, so they have nothing to do with his current status as a member of Congress. Their identity's protected by the confidentiality provisions of the private placement memorandum and the limited partnership agreement that both signed.

Paul Solis: Helen asked the question, and we have his response. That's all there is to say about that.

Helen Eisner: I do want to show you this document THAG3539.

Rep. Grayson: Yes I'm looking at it.

Helen Eisner: Okay, you mentioned these two investors, the two redacted investor-partner names, described here, is it fair to say those are the two individuals that you described to us as friends?

Rep. Grayson: Yes.

Paul Solis: As best you can give us a time period, when did each of the investors leave the fund when you returned the money to them?

Rep. Grayson: Approximately a year ago, it may have been less. When they left the fund all of their investment was returned to them. I see a reference here to "fee class." You'll notice that in each case everything was returned to them without any distinction about whether there had been fees accrued or not. Everything was returned to them.

As I indicated earlier, their participation in the fund did not result in any revenue to the fund, any income to the fund, much less any income to me personally. That's what I was referring to earlier. You can see from this chart why that might have happened, but in any event, that's what happened.

Helen Eisner: We do appreciate the information you've provided us, the volume of information about the fund.

Rep. Grayson: Thank you for that.

Helen Eisner: What is your relationship with [REDACTED]?

Rep. Grayson: We're friends.

Helen Eisner: When did you first meet him?

Rep. Grayson: It's hard to say exactly, but I would say more than five years ago.

Helen Eisner: Where did you meet him?

Rep. Grayson: I don't remember.

Helen Eisner: How frequently do you communicate with [REDACTED]?

Rep. Grayson: On average, probably once a month.

Helen Eisner: What type of communications do you have with him?

Rep. Grayson: Friendly conversations. Usually revolving around politics, he is the former head of the Florida Democratic Party, but not always, he invited me to his wedding.

Helen Eisner: What conversations do you have with [REDACTED] about personal finances?

Rep. Grayson: I'm not sure I can answer that question, or even whether I could answer that question. If you're asking me to discuss what I know about his personal financial situation I'm definitely not going to do that.

Paul Solis: What's the basis for -

Rep. Grayson: What my lawyer said.

Paul Solis: Your response is based on the advice of counsel?

Rep. Grayson: Yes. If that's what you're asking me about, I wasn't sure exactly what the nature of your question was but if that's what you're asking about, that is covered by what my lawyer said.

Helen Eisner: I'm just trying to, you had monthly conversations, I'm wondering if-

Rep. Grayson: We talk about all sorts of things, we talk about his lovely daughter who spent the year in Europe. We talk about his house in California, which I've visited. We talk about a lot of different things, we're friends.

Helen Eisner: What profit have you, personally, generated from the fund?

Rep. Grayson: None.

Helen Eisner: What profit has your family generated from the fund?

Rep. Grayson: None.

Helen Eisner: I want to show you, this is a cover page so you can see where this is from, the cover page is TJ-1655, it's TJ-1668 through 1669.

Rep. Grayson: Okay, go ahead.

Helen Eisner: On page 1668, there's a discussion of a management fee. What is the management fee?

Rep. Grayson: What it says. It begins by saying, "It's a fee equal to 0.5%, etc. but is subject to my waiving it or changing it." Or I should say, it's subject to the Investment Manager waiving it or changing it, the Investment Manager is Grayson Fund Management Company, LLC. I would have some influence over that decision. It says, among other things, "in the sole discretion of the Investing Manager, or General Partner, the management fee may be waived at the fund level."

Helen Eisner: What is the purpose of this management fee?

Rep. Grayson: This is an Investment Partnership, when you have an Investment Partnership, what you have is people coming together, or entities coming together, in order to pool their funds for investment purposes. The funds that are invested, in the same way that an individual might invest funds, whether it's through buying stocks, or bonds, or exchange traded funds, or other capital assets, then at some point, depending upon the rules of the game, those funds have to be disseminated. The management fee is one of the rules regarding how the funds are disseminated among the participants of the partnership.

Helen Eisner: What is the incentive fee, or incentive allocation, which is discussed on the next page of the document, 1669?

Rep. Grayson: It's the same, it's simply one of the rules that applies to give you some direction as to how the money goes out, if and when the money goes out after it's come in. When you create any sort of joint investing vehicle you have to have clear rules about how the money gets disseminated. That's another example of one of those rules.

Helen Eisner: What's the purpose of that dissemination?

Rep. Grayson: People who invest generally want to have some option, or some understanding, about how the funds may or may not come back to them, depending upon the passage of time, rules that apply, and the performance of the invested assets. For instance, to give an example, in what's called a private equity fund, the rules generally provide that the right to withdraw from the fund is extremely limited. It becomes more liberal over time but you might have what's called a five year lock-up, you can't get your money out for five years, no matter what.

In any case, as a matter of law, and also for the purpose of avoiding litigation there has to be a clear understanding of who gets what, and when that's subject to change, which entities decide in which manner it gets changed. In the case of the lock-up that I just described, it's often the case that even in a private equity fund the investing manager may have the authority to waive some or all of the lock-up

period or take a fraction of the amount invested and disseminate that at some earlier point. Again, it's just a matter of having clear rules that everybody understands before they invest otherwise you'd have chaos.

Helen Eisner: The dissemination, is that provided to all investors in the fund?

Rep. Grayson: Again, speaking in context, every time there's an investment fund, and you do it properly, through the advice of competent counsel, you have clear rules about who can withdraw, or obtain, what when. That's what I mean by dissemination. It's often the case that different classes of investors have different rights, or potential rights, to withdraw from the fund, or dissemination from the fund. Sometimes the dissemination is forced, sometimes you have no choice, you have to take you money back. It's also the case that someone who is somehow involved in the fund, in this case the legal entity that's the Investing Manager, has the right to liberalize those rules. If it's done properly it's always the case that there are rules and every class of investor has some rules that apply to that class concerning how dissemination takes place.

Helen Eisner: Let's move on here, in light of that discussion. This is TJ-3170. This is an e-mail between you and Former Grayson Fund VP from May 14, 2011.

Rep. Grayson: Yes I see that.

Helen Eisner: One of the statements you make, and this is the second sentence in the second full e-mail there, is, and this is a discussion of the management fee and the incentive allocation, in the first sentence, "I think that both the fee and the allocation will generate substantial revenue and profit." When you're talking about the disbursements in the discussion we were just having, who stood to gain from that substantial revenue and profit that you mention in this e-mail?

Rep. Grayson: Well nobody, that never happened. That literally has never happened.

Helen Eisner: Besides whether or not a payment has occurred, when this discussion took place, the e-mail in 2011, who would have generated revenue or profit based on the 2% and 20% fees?

Rep. Grayson: Okay, you're talking about a time when these organizations were being formulated, there were from time to time changes in how these rules existed. You're really taking wildly out-of-context a statement that was made at the time that these rules were in the process of formulation. At that time, I didn't even know I would be running for Congress again. We're talking about a time period that is almost a year before I even declared my candidacy. At that point, the expectation was that Todd and I would be working together in order to build up the fund. That never happened.

Now, under the rules that existed at that time, of the five entities, one of them was to get the so-called fee, and the other one was to get the so-called allocation. As I sit here today I can't tell you which of the five entities would have gotten it, but that was a hypothetical that simply never came to fruition. In large part because I decided to run for Congress and events ensued.

Helen Eisner: I understand what you're discussing here, the timeline, I'm just trying to understand the structure and the purpose of these two particular provisions that were included in the way that the fund was established.

Rep. Grayson: Bear in mind that none of that actually resulted in anything resembling money, which is supposed to be the basis for this whole inquiry as I understand it. I will confirm to you that among the two different entities that are described in the first sentence, those two entities are two of the five entities that you identified earlier today. There you go.

Helen Eisner: Well let's look specifically at this THAG-3526 and THAG-3537.

Rep. Grayson: Okay, go ahead.

Helen Eisner: When we're looking at 3526, this is a redacted investor towards the bottom you can see the notation for management fees, incentive fees, there's a deduction there. On the next page which is 3537-

Rep. Grayson: Wait a minute, wait a minute-

Helen Eisner: I'm going to give you a second to-

Rep. Grayson: No, no, no I have to interrupt here because what you're saying is misleading and this is being recorded. It doesn't say simply incentive fee and management fee, it says incentive fee payable, and management fee payable. That's a very important distinction. These were fees that were accrued but not paid. I want you to understand that. I'm not going to go ahead and let you ask me a question based on a false assumption. Payable is not the same as paid. Now you can continue.

Helen Eisner: We want to give you the opportunity to clarify, but . . .

Rep. Grayson: I know, but when you asked the question you left out the word, "payable" and...

Helen Eisner: I'm sorry Congressman - I was looking at this form which is 3526, which did not include "payable." I was about to move on to 3537 which, in fact as you said, does say incentive fee payable and management fee payable.

Rep. Grayson: Okay. In the case of the one you're describing, the amounts are negative.

Helen Eisner: Right. If you can...

Rep. Grayson: Again, you said there's a management fee and an incentive fee. Negative amounts are not the same as positive amounts.

Helen Eisner: Negative amounts as far as this...Why is this listed as a negative amount?

Rep. Grayson: You'd have to ask the bookkeepers about that. I will tell you that the Fund made a decision, which I participated in, to essentially refund all the management fees and incentive fees to outside investors.

Helen Eisner: When did that decision occur?

Rep. Grayson: Earlier this year.

Helen Eisner: At this time, we're looking at statements, this is December 2014 for 3526.

Rep. Grayson: Since then.

Helen Eisner: This time, for 2014, what was happening with the management fees?

Rep. Grayson: I told you they were accrued.

Helen Eisner: They were accrued, but they were not. What you're saying is they were accrued, but they were not paid out in the way that the Fund documents describe as a possibility, if the investment manager chooses. Is that what you're telling me?

Rep. Grayson: That's my understanding. My understanding is that the Fund made a decision to, as I said just now, take these funds that were payable but not paid, that's the term that's used in these statements, and essentially refund them.

Helen Eisner: What does it mean for them to be accrued.

Rep. Grayson: That under the rules of the game, as I referred to earlier, under the Fund management documents, there are various pots of money that are established. You keep track as you go along about how much is in each pot of money. The five entities have sub entities, sub accounts within each one of them. You keep track month by month of what is payable to each part of each entity. That does not mean that it's paid. It does not mean that it becomes revenue. It does not mean for sure that it becomes income. It does not mean that it's disseminated to anybody whose an individual investor to the Fund like me. That's a long, long, long way from anything even remotely resembling income.

Helen Eisner: Let's get into that a little bit. This is a THAG 3895 through 3891.

Rep. Grayson: Okay, go ahead.

Helen Eisner: Okay. On page 3895, the first page of this packet here, I can see this wire transfer indication from Dominic DeMichina.

Rep. Grayson: Yes.

Helen Eisner: His email. "Alan and I can confirm that your wire was sent"- there's a screenshot. This wire is listed. What was this wire?

Rep. Grayson: A wire transfer.

Helen Eisner: Why was it sent?

Rep. Grayson: It looks like it was sent at my request or at Carla's request.

Helen Eisner: On the last page of that packet, which is 3898, there's an email between you and Office Manager. On the top of that email, you explain...

Brett Kappel: I don't have 3898.

Helen Eisner: It's the THAG numbering. I'm sorry if that's... Did I...

Brett Kappel: I don't have THAG numbering on this.

Helen Eisner: It's flipped so it's confusing because the vertical . . .

Brett Kappel: Thank you.

Helen Eisner: Sorry it's a little tricky. Do you have a...

Brett Kappel: Yes.

Helen Eisner: Okay. At the top, the first sentence says, "Over time, the Fund generates management fees, profit, etc. that can be distributed to the owners of the Fund, meaning me, the children and mom's trust."

Rep. Grayson: I see that.

Helen Eisner: Why did you... What was this email?

Rep. Grayson: It looks like what it says. I'm not sure what your question is. It looks like there was a transfer that was done. It looks like the transfer was done by a Fund entity.

Helen Eisner: On page 3897, again this an email between you and Office Manager, you say, "Let's do that for \$4,079 for management fees plus \$200,000 out of the incentive fees. Please tell me what I need to do in order to get this done."

Rep. Grayson: I see that.

Helen Eisner: As I read this, this looks like a communication about the payment of management fees. Can you explain this to us?

Rep. Grayson: What it looks like to me is that it was a transfer from one Fund entity to another Fund entity. In regard to those management fees, I can tell you that whether it was at this time or after this time, those fees were reversed and paid out to the outside investors.

Helen Eisner: Which fees were reversed?

Rep. Grayson: Both. What we are referring to as management and incentive. Both of them were reversed and paid out to the outside investors.

Helen Eisner: Again, when would that have occurred?

Rep. Grayson: I can't remember specifically, but it would have been either at this time or somewhat later than this time.

Helen Eisner: I understand what you're saying that they've since been reversed, but this time, what was this? Was this a payment of management fees?

Rep. Grayson: It looks to me like it was a transfer from one Grayson entity to another Grayson entity by wire transfer. As I indicated before, my understanding is that rather than those Funds, in terms of how the books were kept, being paid out individually, they were paid out to the outside investors.

Helen Eisner: Is it your understanding that the way that the Fund was structured, if management fees were to be distributed they would go from the Master Fund to... I apologize. Not from the Master Fund. They would go from the Grayson Fund LP or the Grayson Caymans Ltd. to the Grayson Fund Management Company.

Rep. Grayson: All I can tell you is that they'd go from one entity of the 5 entities to another entity of the 5 entities. I'd have to review the offering memorandum to tell you which of those was the sender and which of those was the recipient. That's what I would have to do.

Paul Solis: Can we look at 3897 there? There's an email from Office Manager to you. Then there's a larger email there and midway through that paragraph she writes, "The GP (Alan) can withdraw \$4,079 for management fees and yes, no prior fees were taken before." Is Office Manager there saying that you personally can withdraw that amount?

Brett Kappel: No. That's not Carla speaking. This is an email from Veda that was sent to Carla and then she's forwarding.

Helen Eisner: Even if it's not Office Manager speaking, if it's Veda speaking, was that your understanding?

Rep. Grayson: My understanding is what I said, which is that the accrued management fees were paid back to the outside investors. Veda may have at some point contemplated some other possibility. She did not have the authority to make that decision. She was simply what amounts to a bookkeeper and had no discretion over the distribution of funds. What's happened according to this document is that money was moved from entity A to entity B. At some point, either around this time or after this time, that money, rather than being disseminated the way that Veda decides because Veda had no right to set any of that, was instead returned to the outside investors.

Paul Solis: Why do you say moving from entity A to entity B? When we look for this, there's not any discussion of really any entity other than GP (Alan).

Rep. Grayson: GP is an entity that they're referring to. GP refers to the General Partners. GP is not Alan Grayson.

Paul Solis: Well it says parenthesis "Alan"

Rep. Grayson: That's because I'm part owner of the General Partnership but you can't just ignore five different legal entities and claim that it's all Alan. That doesn't make any sense.

Paul Solis: No, I'm not ignoring that. I'm just wondering why you're assuming it's from entity A to entity B, when in this discussion here there's no mention of... There's possibly mention of one entity.

Rep. Grayson: The brokerage account is entity B. That brokerage account is owned by one of the 5 Grayson Fund entities and the transfer is from the brokerage account to the GP. I'm sorry. I understand this is complicated but let's not jump to conclusions here.

Paul Solis: Oh, no. Precisely because it's complicated, we want to have you give us as much information on it as possible.

Rep. Grayson: I appreciate that, thank you.

Helen Eisner: We've looked at this one particular transfer will, as you understand it, from entity A to entity B and you've explained to us eventually what happened as far as reimbursements.

Rep. Grayson: Yes. All of that was refunded.

Helen Eisner: What other instances can you recall where a transfer was made from an entity A to an entity B, related to the incentive allocations or management fees?

Rep. Grayson: None. I didn't even remember this one until you pointed out but I know that in the case of the fees you are referring to, that was refunded.

Helen Eisner: What I want to show you additionally is...

Rep. Grayson: To be clear, was not refunded to me. Thank you.

Helen Eisner: We understand that.

Paul Solis: Helen, are you moving on from the management fee to...

Helen Eisner: Just one more question on that point. This is THAG 2001.

Rep. Grayson: Yes, I see that.

Helen Eisner: Again, this is a form you provided us. I realize it's not the entire package of information but this is a K-1 form from Grayson Fund General Partner, your name indicating that you, towards the bottom, have 50% share of the profit? Towards the top, there's an indication of ordinary business income in box 1.

Brett Kappel: I'm sorry, could you back up? You indicated that he had a 50% share?

Helen Eisner: This is...

Brett Kappel: This is the Grayson Fund General Partner LLC.

Helen Eisner: This is the Grayson Fund General Partner LLC, this is a K-1 form for Alan Grayson. It's a partner's share of income form. You can see under j, it says partner share of profit. This form seems to be directly related to Representative Grayson's share of Grayson Fund General Partner.

Brett Kappel: Okay, I'm with you.

Helen Eisner: Okay. In box 1, you see ordinary business income of \$93,029, your share related to the General Partner for 2012. Do you know where this income came from?

Rep. Grayson: I would have to speculate at this point because as we sit here today it's 2015, in fact late 2015. I'll give you the benefit of whatever I can say about this. This is what's often referred to as phantom income. When you are a member of a partnership, you receive a K-1 from the partnership each year. And the partnership activities are attributed to you in the K-1 even though you may never have received the money. I think that's very likely what happened here. If you look at other parts of the undertaking, I think you'll find that collectively there was not any net income in 2012, but of course you would know that better than me since you have all of the tax return here, and you're giving me only one page. That being said, this form does not suggest or indicate that this amount was actually paid out to me, and my recollection was that it was not so I think that this indicates that if you look at one of the five in isolation, which I did not do, that's what the form was that was generated by the bookkeepers, that's not the same as saying that I actually received any income.

Helen Eisner: For box 19, same form, distributions, slightly less than the ordinary business income of 92,511. Does that change your answer as far as whether or not this was in fact paid out to you?

Rep. Grayson: It may or may not. I'm not sure that the general partner had the ability to do that. The general partner may have been disseminating distribution to another one of the Grayson Fund entities and therefore had it listed that way. Be happy to check for you, we can do that, we can check and find out, we'll make the appropriate note, and we'll determine whether that reflects actual cash being paid out. If it does, we'll make the appropriate amendments to the disclosure, and we'll take care of it that way, but the answer to your question is it may or may not result in any change in the answer because distributions could be distributions literally to anybody. We will find out. That's true in general, by the way, I mean if you come across something where it looks like we have overlooked something, we're happy to make the appropriate corrections. Nobody here is claiming perfection, and least of all me, you can check with my voters, they'll confirm that.

Helen Eisner: We appreciate that, and we're always just trying to understand what happened and clarify anything that seems confusing.

Rep. Grayson: Same here. You can see that this is probably one of the more complicated disclosures you've looked at in your time here working in this office, and if it turns out that we've accidentally omitted something, we're happy to make that correction. I think we've actually done that once already.

Brett Kappel: Indeed we have.

Rep. Grayson: We appreciate this, you've obviously spent a lot of time-

Helen Eisner: Is there something that you . . .

Brett Kappel: This was filed with the House Ethics Committee yesterday afternoon.

Helen Eisner: Okay, well, we will give this its due time and let you know if we have any questions related to that.

Rep. Grayson: And as I indicated before, we've done the same thing from time to time with regard to financial disclosures when it's necessary, they're very voluminous, the last one was probably approaching forty pages if I remember correctly, and it's just not humanly possible to make sure that everything is exactly correct when we've had inquiries and people suggest we left something out, we filed an amendment, we're definitely prepared to do that as often as is necessary.

Helen Eisner: I want to continue to talk about the fund but slightly different ... is everyone ... let's see, what time is it?

Brett Kappel: 12:30.

Helen Eisner: It's 12:30, I think we're still in line with what we talked about as far as the time period.

Rep. Grayson: What was that?

Brett Kappel: Four to five hours.

Rep. Grayson: Okay.

Helen Eisner: I think that I am happy to continue forward for as long as people feel comfortable. I'd like to-

Rep. Grayson: I need to take a quick break.

Helen Eisner: We can certainly accommodate that.

Rep. Grayson: I need to take a quick break, I just want one question-Well, here's the thing, here's the thing. When we talk about administration, you want to turn of the recorder?

Helen Eisner: We can do that.

Rep. Grayson: Okay.

Helen Eisner: Okay, this is Helen Eisner back on the record, October 21st, 2015, with Representative Grayson after a short break. We will go ahead and get started again.

Rep. Grayson: I have one question before we begin again.

Helen Eisner: Sure, do you want this to be on the record?

Rep. Grayson: Yes, mm-hmm (affirmative), with regard to the document that's marked VK3 through VK13 on pages VK6 and VK7, there is marginalia of the paragraph numbers seven, nine, and ten are circled, and there is a question in the margin, "Is there any with regard, pointing to the word 'the Grayson debt'?" Were those marginalia on this document as you received it, or do those reflect your own notes in the process of reviewing this document?

Helen Eisner: They are not our own notes. None of the documents that we provided have in any way been altered beyond putting on bates numbers.

Brett Kappel: So this is the way you received this document?

Helen Eisner: That is evidence as it came to the Office of Congressional Ethics.

Brett Kappel: Okay, thank you.

Rep. Grayson: I have to interrupt. I think what Brett was referring to is in the first sentence of paragraph seven, it says the buyer assumes as a liability all debt that the seller owes to Grayson as of the buyout date, the Grayson debt, and there's a note in handwriting that says, "Is there any?". That is the same question that you asked.

Helen Eisner: It is, yes... That indication or notation was on there, that is not our handwriting, that is not something that we placed on it.

Rep. Grayson: All right, thanks.

Paul Solis: It looks like whoever wrote that note and us, we both have the same question.

Rep. Grayson: Okay, go ahead then.

Paul Solis: I did have one sort of final question just about management fees related to the fund, have you ever realized income related to management fees associated with the Grayson Fund?

Rep. Grayson: I would have to say no as you mean the term and as I understand you mean the term. The fund has not generated income in general of any kind, and the term as it's used in the forms that require disclosures of course is a legal term that's

defined in legal fees. As far as I know, we have disclosed all of the income as the term is used in the disclosure forms. If it turns out that we're incorrect about that after reviewing one or two of the points that you've raised, we'll make the appropriate changes, but in the sense that I take your meaning of your question, the answer is no.

Paul Solis: And what I meant by "you" is you personally.

Rep. Grayson: I understand that.

Helen Eisner: This is THAG 1691, I'm including the front sheet so you can see it and the source of the information, it also includes THAG 1808 through 09.

Rep. Grayson: Yea.

Helen Eisner: So on pages 1808 through 1809 this is this Ameritrade account. From the front page it appears this is 2011 consolidated forms 1099, the holder of the account is listed as Alan Grayson and Lolita Grayson, tenants-in-common, looking at 1808 through 1809, you can see that there's this listing toward the bottom and then going on to the last page for Taseko Mines.

Rep. Grayson: I see that.

Helen Eisner: Okay. It appears that this purchase was about 170,000 units of Taseko Mines in this time period, which is December 2011.

Rep. Grayson: I see that.

Helen Eisner: I'm going to show you, and keeping this document in mind, this is THAG 3168, and this is a portfolio analysis from December 31, 2011, and toward the bottom of that document, you can see the brokerage accounts here, one of them is listed as TD Ameritrade, you can see at the bottom there's a listing for Taseko Mines.

Rep. Grayson: I see that.

Helen Eisner: It's 170,000 units, and if you look at, if you were to add up the numbers listed in the Ameritrade document that I first provided and compare that for the cost here, they would line up as far as \$458,000, the cost of the units. Are these the same units, the Ameritrade units and the units included in this portfolio?

Rep. Grayson: Yes, they were transferred from the TD Ameritrade account that you described in my name to the Grayson Master Fund Cayman as of December 31 of 2011, in other words the day after the transactions in question.

Helen Eisner: Okay. This is THAG3327. Again these documents are all sort of together so if you want to keep them in front of you. And this is a portfolio analysis for the Master Fund dated December 31, 2013.

Rep. Grayson: I see that.

Helen Eisner: Toward the bottom you can again see Taseko Mines listed, the unit number's 170,000 and the cost line up to the cost and unit numbers that we saw from the December 31, 2011 analysis. They're now held at Interactive Brokers.

Rep. Grayson: Yes.

Helen Eisner: What is Interactive Brokers.

Rep. Grayson: A brokerage firm.

Helen Eisner: And previously they were held in Ameritrade. Are these the same units?

Rep. Grayson: Yes.

Helen Eisner: And why did you transfer from Ameritrade to Interactive Brokers?

Rep. Grayson: Because we consolidated the assets that the fund held at Interactive Brokers.

Helen Eisner: This also lists Convergex, what is Convergex?

Rep. Grayson: A brokerage firm.

Helen Eisner: Where are they based?

Rep. Grayson: I don't know.

Helen Eisner: Okay. Who do you work with there?

Rep. Grayson: I don't know the name of the person who Carla works with there.

Helen Eisner: Who do you work with at Interactive Brokers?

Rep. Grayson: I don't think I've ever spoken with anybody at Interactive Brokers, I could be wrong about that, but I don't remember any conversation with anybody at Interactive Brokers, these are accounts that are set up generally by, the people who do the managing of the accounts.

Helen Eisner: And who are those people?

Rep. Grayson: I think Convergex is probably primarily responsible for that, I don't want to speculate, but my guess is that Convergex probably set up the Interactive Brokers account.

Helen Eisner: What role does Convergex play in the management of the accounts?

Rep. Grayson: They establish the accounts, they move assets from one account to another account, we occasionally discuss what the fund is invested in, etc.

Helen Eisner: Those discussions, who are they between?

Rep. Grayson: Generally between Carla and the person who we have as a contact at Convergenx whose name I don't recall.

Helen Eisner: Who makes decisions about moving assets from one account to another, the Convergenx decisions, how are they made?

Rep. Grayson: Convergenx makes recommendations, and generally we have no reason to question them.

Helen Eisner: So again, "we" is?

Rep. Grayson: Carla and I.

Helen Eisner: Okay, so if Convergenx makes a recommendation, who would decide ultimately whether or not to confirm the recommendation?

Rep. Grayson: I can't recall any occasion where we ever told Convergenx not to do what Convergenx wanted to do.

Helen Eisner: Okay, do you need to sign off or to give authority for Convergenx to make these decisions?

Rep. Grayson: I'm not sure, I don't know what would happen if I ever objected, that situation hasn't come up yet.

Helen Eisner: Okay. A few more documents again sort of related to the overall investments in the fund that we've been talking about. Sorry, I don't have quite as many of these documents to distribute, but hopefully we can share.

Rep. Grayson: Well, at least we save some trees.

Helen Eisner: (laughter) Yeah, of course. This is again the TD Ameritrade statements from 2011 that I showed you before. I think you can see towards the bottom there and then throughout this document, purchases related to Jaguar Mining.

Rep. Grayson: I see that.

Helen Eisner: I also want to show you THAG 3168.

Rep. Grayson: I see that.

Helen Eisner: Again, this is a portfolio analysis from late 2012. There's an Interactive Brokers Brokerage account there indicated with a holding in Jaguar Mining.

Rep. Grayson: I think you meant 2011.

Helen Eisner: Did I just...

Rep. Grayson: You said 2012, but...

Helen Eisner: You know what . . .

Rep. Grayson: All right. To save you some time, my answers with respect to the previous security would be the same in respect to Jaguar Mining.

Helen Eisner: Well, here's a slightly different question then. This is THAG 2585. I'll give you copies of that. It's 2585 through 2595.

So, again, this is 2013, and you can see that these purchases were made in Jaguar Mining in mid-2012 and throughout that period of time.

Rep. Grayson: I see that.

Helen Eisner: So what I am trying to understand, hopefully you can help me with, is it seems that, as you indicated with the Taseko, there were initial purchases, I think you confirmed that those were transferred into the account. Then there were these separate purchases related to Jaguar, this is just an example, one particular entity business that we are talking about here whether it was an ownership, for Jaguar, these purchases in 2012, in a TD Ameritrade account. Do you have a separate TD Ameritrade account?

Rep. Grayson: I don't know what you mean by, do I have a separate TD Ameritrade account. I can tell you that in regard to this particular security, what happened was, it appears to me from the documents that you provided to me that we earmarked that particular security as a fund asset even though, for a certain period of time, it remained in my account. There was likely paperwork generated at the time to reflect the fact that I was transferring these assets from my name into the funds name and there was appropriate accounting done with regard to that. For instance, when these assets were sold, as it appears they were sold according to the information you gave to me, they were booked by the accountants as a gain or loss, as the case may be, for the fund rather than booked as a gain or loss for me personally. At least that's what one would hope, and that's what the instructions that existed that were provided to the account at the time.

I do remember this particular transaction. I do remember telling our fund accountants at the time that these were to be booked as fund transactions rather than as Grayson and personal transactions. I have no reason to believe that they ever did anything else. In other words, as far as I know, they complied with my instructions.

Helen Eisner: So, oh I don't want to cut you off.

Rep. Grayson: No, it's fine.

Helen Eisner: So, I think that if you look at this further document here, THAG 3233, and you compare that to the 2011 document that I provided, the shares, the 78,300 at the end of 2012 remain the same as that original purchase that we discussed for 2011, but from this document it seems that there was this separate purchase in an account, in your name.

Rep. Grayson: That's possible. It's quite possible that I buy assets personally and that the fund buys assets for the fund and they may sometimes turn out to be the same assets. I think the financial disclosure probably would indicate that.

Helen Eisner: So, actually, let me ask you about that then. This is your 2012 financial disclosure form. It's August 12, 2013.

Rep. Grayson: Okay.

Helen Eisner: On Page 2 of that form, halfway down there, there is an indication for Jaguar stock.

Rep. Grayson: I see that.

Helen Eisner: What's the relationship between that and the funds held by the Grayson Fund?

Rep. Grayson: It probably refers to the same stock. I can't be sure of that without actually looking through all the different records and making sure that there's only one purchase and one transfer and so on, but it probably refers to the same stock.

Helen Eisner: What's the relationship between that and the funds that we discussed that were purchased in 2012 and don't seem to be reflected in that year-end accounting of units?

Rep. Grayson: I'm not sure what you mean by that last part.

Helen Eisner: It looks like about 78,000 shares were purchased in 2011. I think you explained to me, like with the Taseko stock, that there was a transfer that occurred into the Master Fund, eventually going into Interactive Brokers account . . .

Rep. Grayson: Well, not in this case. In this case, it appears the shares were sold before they went into the Interactive Brokers account.

Helen Eisner: Well, let's look at this 2012 statement, again, here.

Rep. Grayson: Okay.

Helen Eisner: Portfolio analysis. You can see 78,000 Jaguar Mining shares at the end of 2012 held under Interactive Brokers.

Rep. Grayson: I see that.

Helen Eisner: Okay.

Rep. Grayson: I'm not sure what your question is.

Helen Eisner: My question is, 78,000 shares here, and this was held by the Grayson master fund, seems to reflect the purchase that we discussed at the end of 2011 from the Ameritrade account that you told me funds were transferred from that Ameritrade

account into the master fund. And then the Ameritrade account became Interactive Brokers account.

Rep. Grayson: Well, as I indicated, they were earmarked as being fund assets. Go ahead.

Helen Eisner: Separately, from the document I provided, it seems that about 730,000 units of Jaguar stock were purchased mid-2012, that Ameritrade form, doesn't give any indication that they were later sold. So I'm trying to understand, looking at the financial disclosure form, how those separate assets, the 730,000 units, are represented on your financial disclosure form, from 2012.

Rep. Grayson: Well, they could be on that line, or they could be on a different line. In order for me to give you a clear answer to that question, I would have to literally look at every single line of this 15 page disclosure, which has well over a hundred entries on it, and I'd have to see whether that line that you identified is the only one that refers to Jaguar stock or whether there is another line.

Helen Eisner: If you held a stock, personally, in a personal account that wasn't associated with the Grayson Fund, and then you also held the same asset, sorry, not you also, the Fund held that asset, how would you account for that on your financial disclosure forms?

Rep. Grayson: It might be on one line, or it might be on two different lines.

Helen Eisner: For this 2012 statement.

Rep. Grayson: Mm-hmm (affirmative)

Helen Eisner: I can see that there is one place where it says Jaguar stock.

Rep. Grayson: Well, unfortunately, you're incorrect. There's all sorts of places where it says Jaguar stock.

Helen Eisner: In the Schedule...in the transaction area. I'm talking about the Schedule that has to do with assets and unearned income.

Rep. Grayson: All right, if, in fact, you are correct, that there is only one place in that Schedule that refers to that particular stock, the answer is, the most likely answer, although not the only possible answer, is that those two things were lumped together on that line. That would be one way that that would have been dealt with.

Now, to be fair about this, it's also conceivable that there was an omission. Based upon your pointing this out, we will conduct some kind of inquiry on this, and we'll determine whether or not there was an omission. Possibly based upon the fact that, as you point out, there were shares that were earmarked for the fund, and there were shares that were not, potentially. If it turns out that that entry is the only entry, and if it turns out that that entry, for instance, is not the correct amount, then we will make an amendment. I will point out to you, though, that the Jaguar entry says 500,000 to a million, and that is more than either one of

these two positions would be on its own. I will also point out to you that it looks like there was an initial entry for 250,000 to 500,000, and that was crossed out and instead the entry was 500,000 to a million. So, based upon that, my inference is that the two positions were lumped together.

Helen Eisner: Okay.

Rep. Grayson: But we'll check.

Helen Eisner: Yeah. No, we have a pretty good sense of the value of the purchases and of the 730,000 shares and what that would have equated to.

Rep. Grayson: If it's possible that it's in the wrong box, we'll make some correction, but I wouldn't assume that based upon where we are at this point.

Helen Eisner: Well, let me ask you this question then. On Page 4 of the same financial disclosure report...

Rep. Grayson: Yes.

Helen Eisner: Three lines from the top in block A, it says, does it say Grayson Fund interest?

Rep. Grayson: I don't see that on Page 4, three lines from the top. Oh, from the bottom, three lines from the bottom?

Helen Eisner: Sorry, three lines from the bottom. Three lines up.

Rep. Grayson: Yes, I see that.

Helen Eisner: So what's the relationship between that and the Jaguar stock reported on Page 2?

Rep. Grayson: The Grayson Fund interest reflects the value at that point of my interest in the Fund to the extent that the Fund held individual assets. We also reported those as individual assets.

Helen Eisner: This 5 to 25 million dollars indicated for the Grayson Fund, how is that connected to the Jaguar reporting of 500,000 to a million?

Rep. Grayson: In the way that I just described.

Helen Eisner: I'm just trying to understand. So there is potentially a relationship between these two, is the value for the Grayson Fund, does that include the value of the Jaguar stock?

Rep. Grayson: It could. It could.

Helen Eisner: Okay. Let me give you THAG 3317. There we go. Okay, so this a balance sheet for November 30, 2013. On line 200 it says, "Liabilities." Lists portfolio interactive brokers \$9,337,000, what is that liability?

Rep. Grayson: The fund had what are referred to as short positions, as part of its investment operations had borrowed securities and sold them. The way that that is addressed on a balance sheet like this is to reflect that any given moment what it costs to buy those back and to return them to the originator. The liabilities refer to the current value of the short positions of the fund.

Helen Eisner: The short positions, who were they held with?

Rep. Grayson: The brokerages.

Helen Eisner: Okay. Was there any type of collateral for these positions?

Rep. Grayson: Cash in the account.

Helen Eisner: Was having these short positions part of the terms of the brokerage account? Was there a separate agreement?

Rep. Grayson: Yes.

Helen Eisner: I'm sorry, they were part of the terms to the first one of the brokerage account?

Rep. Grayson: The brokerage account had a brokerage agreement associated with it. The standard agreement of brokerage accounts in the United States provides for this kind of accounting for short sale positions.

Helen Eisner: In line 203 it says, "Due to investment manager 100,676," what is that?

Rep. Grayson: It's an accrual. It's what I indicated before. There are rules of the game, both the individual legal entities and certain accounts within each legal entity are at any moment due certain amounts from the overall assets of the fund. What that is reflecting is that that is an accrual without it necessarily having, certainly without it having been paid. If it had been paid it wouldn't be there and it may never have been paid, likely it was not. When I say not paid I mean not paid to the legal entity which was the investment manager, that's different from saying not paid to me, that's a whole other step involved, if not multiple steps.

Helen Eisner: I'm going to jump ahead a little bit here.

Rep. Grayson: I won't hold that against you.

Helen Eisner: What is the Lolita Carson Grayson Family Trust?

Rep. Grayson: That was done several years ago. I can't claim to remember very much of the details about it but I believe that it was a trust established as the name describes involving Lolita Carson Grayson.

Helen Eisner: Who are the beneficiaries of the trust?

Rep. Grayson: I don't remember. Certainly it would not likely be anybody outside of the family but I don't remember.

Helen Eisner: Were you a beneficiary of the trust?

Rep. Grayson: Doubtful.

Helen Eisner: When you said outside of the family?

Rep. Grayson: Blood relatives.

Helen Eisner: Do you know why it was created?

Rep. Grayson: I'm sure it was created on the advice of counsel.

Helen Eisner: Were you a part of the discussions involving the creation of the trust?

Rep. Grayson: I was a part of the discussions in the sense that the attorneys told me what to do and I did it.

Helen Eisner: Whose idea was it to create the trust?

Rep. Grayson: The attorneys.

Helen Eisner: This is THAG 2147. This is a K-1 form listing the Lolita Carson Grayson irrevocable family trust and towards the bottom you can see this ending capital account, it's in section L.

Rep. Grayson: I see that.

Helen Eisner: Okay. I'm trying to figure out where that interest is represented on your financial disclosure forms.

Rep. Grayson: It's probably not because I'm not a beneficiary of the trust as far as I know. I'm not sure why it would be. If you can show me a particular financial disclosure form I could try to discern for you if it's reflected in there or not but given the fact that I don't think I'm a beneficiary of the trust and I'm not sure why you're assuming something which is not in evidence if you will, which is that I would need to disclose it.

Helen Eisner: Well, I mean, you explained to us that your family were the beneficiaries of the trust, I think you said exclusively?

Rep. Grayson: No-

Helen Eisner: Blood relatives?

Rep. Grayson: I said probably my family was beneficiaries in the trust and it may well be that it is there in some way, shape or form. Would you like to show me a specific disclosure and I'll try to identify it for you.

Helen Eisner: Sure, this is 2012. Here is ... You have 2013 in front of you now. I'm sorry 2012, dated August 12th, 2013.

Brett Kappel: Which page are you referring to?

Helen Eisner: I think actually the question is where is this represented in the financial disclosure statement?

Paul Solis: The Congressman said he would take a minute to review it and see if the trust was represented on these forms. (pause)

Rep. Grayson: I'm going to make an observation here that may or may not turn out to be accurate, but I want you to have the benefit of it with that understanding.

Helen Eisner: Sure.

Rep. Grayson: My understanding is that there is only a limited responsibility for disclosing personal residences. If you have a mortgage you may need to disclose that but I believe that the instructions on the form more than the guidance that comes with the form indicates that personal residences do not necessarily have to be laid out. It's possible that the assets that are disclosed here as the ending capital account consist of a personal residence, and if that's the case then of course it would be either no duty or very limited duty to disclose that in the form. It's also possible as I indicated earlier that an arrangement like this where I don't believe I was a beneficiary of this arrangement, might not need to be disclosed. That being the case we will look into it. We will determine as best we can what assets are referred to with regard to capital contributed during the year. I suspect strongly that we're talking about the personal residence here. If it turns out to be otherwise and we also conclude that there is a duty to disclose even though I'm not a beneficiary to trust then we will be happy to make the appropriate modification, but trying to be as helpful as I can at this point, my inference is that the amount that we're talking actually refers to a personal residence, which did not have a mortgage on the property.

Helen Eisner: Okay.

Rep. Grayson: We will look into it further.

Helen Eisner: How did your re-election to second term impact the Grayson fund?

Rep. Grayson: In several respects, first it eliminated the time that I would have had available in order to discuss with other friends whether they wanted to invest in the fund. As it turned out we've had only two outside investors. I think that we would have had far more outside investors if not for the fact that I was elected to Congress in 2012. Second, it severely curtailed Todd Jurkowski's efforts with regard to the fund. Todd was in essence being trained to have major responsibility for the fund

given the time available and the direction and time commitments I had, that turned out to be impractical. One result is that Todd is no longer employed by the fund. Those are some examples of the way that the election impacted the fund.

Helen Eisner: Did you put any procedures in place related to new obligations or responsibilities you had as a member of Congress?

Rep. Grayson: No. As you can see investing is something I do both for myself and for our friends and family fund with minimal effort and really no different from what I'd be doing if I were doing it strictly for myself. The outside investments were never a significant financial part of the fund so what it comes down to is no additional effort is required. We obtained the advice of counsel regarding the proper needs to disclose what was happening within the fund. We followed the advice of counsel, obviously because the advice of counsel, I can't go in to any details but recognizing that the fund had come into creation during that period of time when I was not in Congress, recognizing that the disclosure requirements might be implicated by the assets of the fund. An effort was made to find out the right way to continue to make disclosures and in every respect that effort was followed and the advice we were given was followed without any exception.

Helen Eisner: We understand and you mentioned that recently the fund did change its name. Why did that name change occur?

Rep. Grayson: It had become a matter of some unnecessary controversy. It was never important that the fund was named the Grayson Fund. It's equally unimportant that the fund is longer named the Grayson Fund. It simply wasn't worth arguing about.

Helen Eisner: In this document, we showed you this power point earlier, this is TJ 1601, I'll give you a copy of that document. Here you go. As an example of "insight" - that you traded 200 million dollars for personal account. Where did that number come from?

Rep. Grayson: Very likely I calculated that number and provided it.

Helen Eisner: Okay. We've done some calculations looking at your financial disclosure statements. Just understanding that often there's a range, you can see 5 to 25 million dollars. I'm sorry?

Brett Kappel: I have no idea what time period that refers too. Below that it says, "Travel to 185 countries." I don't think he did that in the last 8 years. Did you Alan?

Rep. Grayson: I mean look, if what you're getting at is somehow the disclosures that I made, for the period that I'm required to make disclosures, somehow does not add up \$200 million, that's irrelevant. I've been making investments on very very high levels since the 90's, and I can assure you that the trades that were done from my personal accounts were disclosed completely. Subject to the occasional inadvertent error, during the entire time that I've been subject to these disclosure requirements, going all the way back to 2006. So if your calculations suggest otherwise, then it's your calculations that are in error, and not this statement.

Helen Eisner: Okay.

Paul Solis: But Helen's question was "where does the figure come from?" I suppose the answer is throughout that history time you have the trading.

Rep. Grayson: Exactly.

Paul Solis: Okay. It's not a snapshot.

Rep. Grayson: Not going back to 1958, because I was only a small child in 1958.

Paul Solis: Sure.

Rep. Grayson: But going back to the 90's, I've been trading very large amounts of stocks, and doing so with some degree of frequency.

Paul Solis: And that figure would not represent a snapshot of that time. Which would be 2008 or 9 to the present.

Rep. Grayson: Definitely not. I mean it's been more than that, as you can tell from the recent disclosures. You can add those up if you want. But if you're asking me as to this document, which apparently is dated 2011, was this document referring to activities exclusively during the period of disclosure, and the answer is no. There were very very high levels of substantial activities that occurred before I even contemplated running for Congress, much less actually was obligated to disclose my transactions. By the way, if I recall correctly, the requirement is only for Members of Congress who are elected, not for candidates.

So again, you can correct me if I'm wrong, but I don't think there was any disclosure of transactions, this is referring to trading, I don't think there was any disclosure of transactions in the 2006 or 2007 disclosures when I was merely a candidate. There may not have been any for 2008, because I was elected only during 2008, and took office in 2009. So with that in mind, I don't think there's anything even plausibly inconsistent with this statement, and my actual investment history.

Paul Solis: We're not suggesting that there is.

Rep. Grayson: Thank you.

Helen Eisner: This is THAG 2564? A copy of the 2014 report.

Rep. Grayson: Can we go off the record for a minute?

Helen Eisner: We can.

Helen Eisner: We are back on the record. This is Helen Eisner speaking, October 21, 2015. On your financial disclosure forms we've seen some indications of A-C-M note.

Rep. Grayson: Yes.

Helen Eisner: What is ACM note?

Rep. Grayson: I'm sorry but I'm having a little bit of trouble recollecting that right now. I don't remember, at this point, what ACM stands for.

Helen Eisner: Okay. Do the initials mean anything to you?

Rep. Grayson: As I sit here at this moment I can't recall what ACM stands for.

Brett Kappel: I'm sorry did you say ACM or ECM?

Helen Eisner: ACM.

Rep. Grayson: No it's ACM. I saw it on the form just now, but I just don't remember what that refers to.

Helen Eisner: Okay. What is A-M-G Trust?

Rep. Grayson: I think we've discussed ... no I'm sorry. I believe there is a separate entity, possibly in Virginia, called AMG Trust. It's been inactive, and it's different from AMG TR PC. It's been inactive for as long as I can recall.

Helen Eisner: Do you know when it was established?

Rep. Grayson: Probably around 15 years ago. Okay. I do now remember what ACM stands for. That refers to a debt that is owed to me, for which I have not received payments for many years.

Helen Eisner: And who is it owed by? The debt?

Rep. Grayson: Alexander Capital Markets.

Helen Eisner: And how did that debt accrue?

Rep. Grayson: I explained that early in the context of Derivium. I gave Alexander capital markets and stock, as collateral for loan. When the loans terminated the stock was not returned to me. Sorry I couldn't remember that a few minutes ago.

Helen Eisner: It's okay. We understand. What is the Alan Grayson Foundation?

Rep. Grayson: It's a foundation.

Helen Eisner: What does the foundation do?

Rep. Grayson: It's been inactive for many many years.

Helen Eisner: When it was active what did it do?

Rep. Grayson: I'm not sure it was ever active. I'd have to go back and check that.

Helen Eisner: Why did you establish it?

Rep. Grayson: For charitable purposes.

Helen Eisner: Does it have any assets?

Rep. Grayson: Not that I know of.

Helen Eisner: What's the relationship between AMG Trust and the Alan Grayson Foundation?

Rep. Grayson: I'm not aware of any of them, the fact that they both bear my name or my initials.

Helen Eisner: What is Florida Save Our Shores?

Rep. Grayson: A non-profit organization.

Helen Eisner: What is the purpose of Florida Save Our Shores?

Rep. Grayson: It was set up as a charitable organization, it's never been active.

Helen Eisner: Has it ever had events?

Rep. Grayson: No.

Helen Eisner: Fundraising? Does it participate in fundraising?

Rep. Grayson: No, it has not.

Helen Eisner: Okay. What is your position? Florida Save Our Shores.

Rep. Grayson: I don't have one, but if I recall correctly, this was addressed in a letter we gave to you. If I recall correctly, there was an entity of which I was an officer, and that entity was officer of Save Our Shores. On behalf of that entity, I signed one document regarding Save Our Shores, but I was not signing in a personal capacity, I was signing in my entity capacity.

Helen Eisner: What was that entity?

Rep. Grayson: I think we've identified that for you in a letter that we sent to you. If I recall correctly, it was AMG TRP C. But I could be wrong.

Brett Kappel: That's reflected in the letter to the House Ethics Committee, which I gave you earlier.

Helen Eisner: Okay. The new letter that we received. Why was AMG TR PC associated with Florida Save Our Shores?

Rep. Grayson: Because the entity required either an officer or director, as the case may be, and that was a convenient way to address that issue.

Helen Eisner: What is Small Friends?

Rep. Grayson: The same. The same. My answers, with respect to Small Friends, would be the same as my answers to, respect, to Save Our Shores.

Helen Eisner: What assets does Small Friends hold?

Rep. Grayson: None.

Helen Eisner: The same, as far your position, with the entity as you described to us?

Rep. Grayson: Right, as I just described that I had no position with entity. There is an individual document in which I apparently signed on behalf of the AMG TR PC, and not in my personal capacity.

Helen Eisner: Okay. I want to provide you, this is the 2013 statement, dated August 20th, 2014, and if you could look at pages 2 and 3.

Rep. Grayson: Okay. I see now.

Helen Eisner: Okay. So we see that you have an interest here in CVR Refining stock, also indicated Natural Resource and Northern Tier?

Rep. Grayson: Well they're listed as assets, I'm not sure that's the same as having an interest in them, but go ahead I'll listen to the question.

Helen Eisner: Okay. What are these assets?

Rep. Grayson: They're publicly traded interests. If I may use that term. That correspond to stocks. But in the case of these the companies, even though they're publicly traded on the stock market, they are actually limited partnerships. They're large scale limited partnerships that have, in each case, probably thousands of shareholders.

However, it is not literally true to refer to them in the same category as the other assets that are listed here on these pages. Like Aberdeen, Apogee, China Petroleum, etc., because those are actually small ownership interests in companies/corporations. In the case of CVR Refining, Natural Resources, and Northern Tier, these are small ownership interests in partnerships, rather than corporations. As a result of that, the entities involved here do not pay out

dividends in the normal manner because dividends are paid out by corporations, instead they pay out partnership distributions.

In order to make sure this form was comprehensive, and not in any sense misleading, I deleted the reference to dividends, in each of these the cases, and instead wrote in the notes: other type of income, partnership distribution, or specifically the "DIST." When it says: other type of income, the form itself says specify e.g. partnership income or farm income, in this case technically, it was partnership income. So I so indicated on the form.

- Helen Eisner: So the notation in this other type of income, I see the top part looks like partnership?
- Rep. Grayson: Excuse me. Technically, it was a partnership distribution not partnership income. Other than that I stand by what I said.
- Helen Eisner: That's exactly. I just wanted to make sure I understood that the second notation there, under partnership is D-I-S-T. Is that?
- Rep. Grayson: Right. The legally correct term for what actually happened, is when Northern Resources, sorry, when Natural Resources, Northern Tier, and CVR Refining sent me money that was deposited in my brokerage account, that money technically was a partnership distribution in each case, rather than being a dividend.
- Helen Eisner: Okay. Looking at CVR first. What agreements, if any, did you have with CVR related to that partnership distribution?
- Rep. Grayson: None.
- Helen Eisner: What agreements did you have Natural Resources related to the partnership distribution?
- Rep. Grayson: None.
- Helen Eisner: Same question for Northern Tier. What agreements, if any, did you have related to the partnership distribution?
- Rep. Grayson: None.
- Helen Eisner: Okay.
- Rep. Grayson: Like everyone else who buys these stocks, actually limited partnership interests, I simply have the rights that came with that and nothing else.
- Helen Eisner: On July 9th of this year you appeared in an interview with the Huffington Post. It was posted, it was titled "Representative Alan Grayson Announces Senate Bid." How did you first hear about that interview?

Rep. Grayson: If I recall correctly, a staffer mentioned to me that the Huffington Post wanted to do the interview.

Helen Eisner: Which staffer?

Rep. Grayson: Ken.

Helen Eisner: Is that Representative Grayson's Communications Director ("Communications Director")?

Rep. Grayson: Yes.

Helen Eisner: Okay. Who was present with you during the interview?

Rep. Grayson: I don't remember.

Helen Eisner: Okay. Some people have told us that Kevin Frank was present. Was Kevin Frank present during the interview?

Rep. Grayson: I don't remember that. I tend to think that was not true, but I can't be certain.

Helen Eisner: Why do you think that was not true?

Rep. Grayson: Because he doesn't live in D.C.

Helen Eisner: How often is Kevin in D.C.?

Rep. Grayson: I would guess maybe ... Well I can't answer that. You'd have to ... I don't know. The answer is "I don't know how often he ..." I don't supervise him on a daily basis. He may sneak in here from time to time and I wouldn't be aware of it. So, I really can't answer that question.

Helen Eisner: Have you ever seen Kevin in your congressional office?

Rep. Grayson: It's possible. I can't remember, as I sit here, whether that's happened or not, but it is possible that he's been in the Congressional office.

Helen Eisner: This interview was filmed via webcam?

Rep. Grayson: Yes.

Helen Eisner: What webcam was used to film the interview?

Rep. Grayson: The webcam on my campaign computer.

Helen Eisner: Okay. Why was the campaign computer used?

Rep. Grayson: It seemed like a, well, it seemed appropriate to do it that way. I'm not sure we had other options. I don't know what other computers might have been available that

have webcams in them. It happens that the computer that's owned by the campaign has a webcam in it.

Paul Solis: You said, "It seemed appropriate to use that computer." What do you mean by that?

Rep. Grayson: As I said, the computer I've known ... That's the computer that's largely for my own use. I'm the one that uses that computer. Okay? Nobody else gets on the computer. I know the computer's capabilities. I knew it had a webcam in it. We probably have used that comp ... I have to go back and check, but we've probably have used that computer on other occasions for other interviews. Using the webcam. So, we simply did it again.

Helen Eisner: I'm going to give you a copy of THAG0034.

Rep. Grayson: Thank you.

Helen Eisner: As you can see, this stack is getting very low.

This is an email chain including you, Representative Grayson, Communications Director, Doug Dodson, Kevin Frank, Julie Tagen. Towards the top, the second email down, from Communications Director, it says, "I should have questioned it as well." You say in response, "Me too." What did you mean when you said, "Me too."

Rep. Grayson: I was trying to console him. He's sometimes an emotional person and somewhat fragile. I felt I needed to give him some kind of reassurance or he might have been utterly stricken by the sense that he might have done something wrong. So, I was providing emotional support to him.

Paul Solis: Is that Communications Director or Doug?

Rep. Grayson: Ken.

Helen Eisner: Did you feel that he had done something wrong?

Rep. Grayson: I understood what the ... I mean, bear in mind the subject line here is "Subject Line: Re, Ethics Questions Surround Senate Candidate, Alan Grayson." And it was from a Fox News reporter. A liberal Democrat, so you can imagine how I feel about that. I understood that there was a controversy. I didn't really understand the nuances of it and I realized they were referring to something or other regarding the ethics rules. The Fox report, obviously, had some kind of basis, based upon something, but in this particular case, I saw that Ken was demoralized. As somebody who is responsible in the office for making sure people can function and work properly, I felt I needed to toss him a lifesaver.

Paul Solis: Is that the sole reason you responded the way you did?

Rep. Grayson: Pretty much. I mean, I certainly did not agree that it was my fault, in any sense. I'm not responsible for making these kinds of judgments. That's not my job. I think that it's conceivable that I could have questioned it. I'll agree with you that that could have happened. It was an extremely busy day, if I recall correctly. Lots of votes. Frankly, it's the staff's job to make those kinds of decisions. I only decided if I'm going to do the interview or not. Not the logistics of the interview. That's up to them to arrange. I don't get into those kinds of questions.

Essentially, I was trying to provide him moral support and be a humane supervisor.

Helen Eisner: This is THAG0063 through 64.

Rep. Grayson: I took this previous document as saying he wished it hadn't happened and I certainly agree with that sentiment. I wished it hadn't happened the way it did. That's what I was trying to convey. Go ahead. Let's go on to the next one.

Helen Eisner: This is, like I said, 63 through 64. There's a discussion of use of the campaign computer. This is the first email at the top from you, Representative Grayson, to Julie Tagen, Communications Director, and David Bagby. You say, "I don't think there is any rule that says that you can't bring a campaign computer into an office. I have Wi-Fi on my phone, so I don't need to use the Capitol Wi-Fi.

Rep. Grayson: Yes, that's correct.

Helen Eisner: What did you mean by, "I don't think there is any rule that says you can't bring a campaign computer?"

Rep. Grayson: What I mean is I carry around that computer with me all the time. It's in my carry-on bag when I'm flying. I carry it with me to home. I carry it with me to our Orlando office. I carry it with me to our DC office. I carry it with me to many meetings that I attend, both within the Capitol and outside the Capitol. I have that with me when I stay at a hotel room at night. That computer is more of a personal companion than any person I know.

As I said, I'm not aware of any rule that would prevent me from carrying that campaign computer into my office. I do it all the time and as I've further indicated here, I don't rely upon any, how should I put this, Capitol area internet connections when I use my phone. My phone, which is a personal phone, has Wi-Fi built into it and just yesterday, I did exactly that when I was on an airplane. I turned on the Wi-Fi on the phone, I turned on the campaign computer, I connected to the internet, I got some work done while we were on the runway. I'm not aware of anything that would prevent me from carrying my computer into the office and that's what it says and that's what I meant.

Helen Eisner: What's your awareness of rules that would impact your use of a campaign computer in the office?

Rep. Grayson: Well I know, for instance, that you're not supposed to solicit campaign funds in the office. I'm aware of that rule. I guess one would have to be more specific

about what scenarios we're talking about in order to judge whether I have an understanding about that circumstance or not. This addresses the fact that I frequently carry my campaign computer into my office. If there are other scenarios that you want me to explain or tell you what my understanding is, I'll be happy to do that.

Helen Eisner: I think I was addressing use. The use of the computer.

Rep. Grayson: Can you give me an example?

Helen Eisner: You use a campaign computer in any way. The campaign computer isn't just in your briefcase. It's powered on and you use the campaign computer for any purpose.

Rep. Grayson: It would depend upon the circumstances. I would need to know more specifically about what you're describing. I would not use my campaign computer in my office for solicitation of funds.

Helen Eisner: Okay. What conversations did you have with the Committee on Ethics about the use of your campaign computer in your office?

Rep. Grayson: You mean, before this incident?

Helen Eisner: Let's say before this incident.

Rep. Grayson: None.

Helen Eisner: Okay, and since the incident.

Rep. Grayson: I don't know. That would be ... I mean, if you're referring to the collective endeavor, my lawyer, the staff, our chief of staff ...

Helen Eisner: I think I was referring to with the Committee on Ethics. Conversations or communications you've had with the Committee.

Rep. Grayson: I understand, but I ... There may be other people that have had some conversations and I wouldn't want those conversations to be attributed to me. I have not had any direct, personal contact with the Committee on Ethics regarding this matter, except we indicated afterward that we understood the issue that had been raised and we'd try to avoid it in the future. I do remember that, but I don't think that was directed to the Committee on Ethics. That was just a general statement we made to Fox News and other people inquiring.

Helen Eisner: Let's talk about that statement. THAG 0056.

Rep. Grayson: Yep.

Brett Kappel: This is the last piece of paper.

Helen Eisner: It is. Let's see. At the top ... There's a statement, you can see, at 1:39. It's provided by Communications Director. At 1:47, there's a response that you provide with a slightly edited statement. The last sentence in the statement that you've edited is, "The Congressman will not do anymore interviews in his government office regarding his campaign for the U.S. Senate."

Whose idea was that statement?

Rep. Grayson: Ken's.

Helen Eisner: Okay. When he brought this statement to your attention, what was your reaction?

Rep. Grayson: I often have to edit Ken's work for grammar and punctuation and other similar matters. That was the purpose of my reviewing the statement.

Helen Eisner: I think that one sentence, there's one change. You changed "about" to "regarding." For this sentence in particular, the statement, "The congressman will not do anymore interviews in his government office regarding his campaign for the U.S. Senate." What impact did that statement have on your congressional office?

Rep. Grayson: What has happened since then is that when we receive an inquiry, when Ken receives an inquiry, from the media, we try to ascertain whether the purpose of the inquiry is primarily official-related or it's campaign-related. If it's campaign-related, then Ken hands off the inquiry to a campaign staffer. That is something that Ken probably might have been aware of beforehand, but it wasn't part of his common practice in dealing with his employment.

I don't know what would have happened if he had done that with regard to the Huffington Post. Maybe events would have been handled differently. I don't know, but he's been sensitized to the issue in that regard and part of the change in the office is the fact that he essentially screens the call now to determine whether they're primarily office-related or whether they're primarily campaign-related and deals with them accordingly.

Paul Solis: If they are handed off to a campaign staffer and they're primarily about the campaign for the Senate, would they ever be conducted in your congressional office?

Rep. Grayson: If we know about them, they wouldn't be. It's often the case that the reporters wander off into different and unexpected directions. Ken tries to illicit the contents of the interview before they occur. We do our best in trying to pin down the reporters as well as we can. As you can well imagine, reporters don't like that. They always want to spring questions on you, often like investigators. Not that there's anything wrong with that.

Sometimes it's inevitable that we might be taken by surprise, but the effort is made. Ken in particular, having been somewhat emotional about this experience, is very much sensitized to the responsibility that he has under the new regime.

Paul Solis: I did have a question about this email.

Paul Solis: The top portion sort of reflects your response to Communications Director's statement and is your edits, right?

Rep. Grayson: As I said, I tend to edit his work primarily for stylistic purposes rather than substantive purposes. I would have to take a look at this and see exactly what I did. At this point, given the fact that we're talking about changes in wording and it's now more than two months later, I'm not sure I can capture what it was that I may have had in mind with regard to any particular change, but it is what it is.

Paul Solis: The most substantive part I can understand that's different is, after the first sentence, the difference between Communciations Director's suggestion and then your response is, in your response, you add, "There was no alternative."

Rep. Grayson: That was my feeling, that the interview simply would not have happened given the schedule that day, unless we were able to do it at that time, in the way that we did. I'm not sure that people all over the country would have been staring at a blank screen. Maybe they would have slotted something else in, in lieu of that interview, but we had committed to do interview. It was an extremely busy day. I did feel that that was correct, that there was no alternative if we were going to do the interview at all. There was just no other way to practically accomplish that. That was definitely how I felt.

Helen Eisner: On that same day, July 9th?

Rep. Grayson: I wrote this on July 10th.

Helen Eisner: Oh, I'm sorry. I'm actually not talking about this e-mail now. The same day that the interview was conducted, July 9th of this year ...

Rep. Grayson: Yes.

Helen Eisner: ... what other interviews did you participate in from your congressional office?

Rep. Grayson: I don't remember any. I know that we went to studio and conducted some interviews there that day, but I don't remember any others in the office.

Helen Eisner: I think, looking at the news from that day, there's a quote from you in the New York Times, you picked up the phone and you said, "Hi, this is Senator-elect Grayson."

Rep. Grayson: Mm-hmm (affirmative).

Helen Eisner: Do you know where you picked up the phone?

Rep. Grayson: No.

Helen Eisner: Was it in the studio?

Rep. Grayson: Possibly. I did a whole bunch of interviews that day, and that was ... When the New York Times called, you generally take the call.

Helen Eisner: Sure. Why did you do a whole bunch of interviews that day?

Rep. Grayson: Because that was the day that we were announcing the campaign. Also, unfortunately, the day that we had many, many votes on the floor of the House.

Helen Eisner: On September 25th of this year, you did a phone interview with Nicole Sandler on The Nicole Sandler Show.

Rep. Grayson: Yes.

Helen Eisner: How did you first hear about that interview?

Rep. Grayson: Ken told me that Nicole wanted to talk about my "Shut Down the Shutdowns Act." That's the bill that I've introduced that would end government shutdowns by substituting the whole funding for zero funding.

Helen Eisner: Okay, and this was Communications Director who told you? When did he tell you?

Rep. Grayson: Before the interview.

Helen Eisner: How soon before the interview?

Rep. Grayson: Several hours, maybe less than that, maybe just a couple of hours.

Helen Eisner: Was Communications Director present for that interview?

Rep. Grayson: I don't remember. I doubt it. I don't remember.

Helen Eisner: Were there any other staffers present for the interview?

Rep. Grayson: Not that I can recall.

Helen Eisner: How would he have told you? Was it in person?

Rep. Grayson: He would have told me in person. His office is right around the corner.

Helen Eisner: Where was that interview conducted?

Rep. Grayson: I think it was conducted in my office, but I can't swear at this point. I don't remember that specifically, but my guess is that it was conducted in the office. It was definitely conducted somewhere in the Capitol complex.

Helen Eisner: What was used to do the phone interview? Was it a phone or computer?

Rep. Grayson: It was my phone, if I recall correctly.

Helen Eisner: "My phone" is your ...?

Rep. Grayson: Cellphone.

Helen Eisner: Is that your personal cellphone?

Rep. Grayson: Yes.

Helen Eisner: Is it a campaign cellphone?

Rep. Grayson: No.

Paul Solis: I just wanted to quickly ask very, very narrow questions about Office Manager and your mentioning earlier that she spends part of her time during her workweek working for the fund, the Grayson Fund?

Rep. Grayson: Yeah, but before we leave the subject, I just want to mention one other thing. If I recall correctly, just to give you the full flavor of this, there were actually several conversations between Nicole and Ken. Nicole initially mentioned that she wanted to talk about the "Shut Down The Shutdowns Act", and then I found out from Ken just before we started that she also wanted to talk about whether Boehner would be able to remain speaker and also about the Pope's visit.

I do remember specifically that no one ever told us that she wanted to talk about the campaign. I understand now at this point, and I've been informed by counsel, that there is some record of us discussing the campaign during the course of that conversation. I want to make it clear that neither Ken nor I had any reason to think that that was going to be the case. Ken had in fact, as far as I can tell, based on what he told me, followed the instructions that he had been given, to ask about the content of the information that would be discussed during the call.

In other words, he did follow the procedures that were in place, and Nicole had other ideas about what that rather lengthy interview would turn out to be. That happens from time to time. Ken is again mortified by the way that this interview experience has been used as sort of an attack against us in the media and by my opponent, my political opponent. But in this case, I think Ken did all he could reasonably be expected to do, and I've told him that.

When you ask somebody what's the interview going to be about and you're told on two different occasions, at least two different occasions three different things, and every one of those three things turns out to be an official item rather than campaign item, I can't blame you for that.

Helen Eisner: What's your relationship with Nicole Sandler?

Rep. Grayson: I do interviews with her from time to time.

Helen Eisner: Have you met her in person?

Rep. Grayson: Yes, I have, once.

Helen Eisner: Where was that?

Rep. Grayson: It was in Rhode Island, when she was attending Netroots Nation, which I believe was in Providence that year. This was several years ago.

Helen Eisner: Has she ever contributed to your campaign?

Rep. Grayson: Not that I know of. We have 100,000-plus contributors. She may have and I just don't know about it.

Helen Eisner: Is she a campaign supporter?

Rep. Grayson: No, not particularly. She's a news media personality. She's a liberal. I think she'd rather see me elected than Marco Rubio, but that's the extent of it. I have the same relationship with her as I have with many people who are news media reporters. I could say the same thing about Rachel Maddow.

Helen Eisner: Did you know if she was a political supporter before you conducted the interview?

Rep. Grayson: I wouldn't say that she's a political supporter. She's a liberal and she has a news show. That's the extent of it. I mean again, you can say the same thing about Ed Schultz or 20 other people who have news shows here on TV or on the radio who have a liberal slant. There's no reason to single her out in any way. Again, to reiterate ...

Helen Eisner: Just a couple of minutes.

Rep. Grayson: That's fine. But anyway, I hope to have explained to you what the situation was. Ken did what he was supposed to do. If the interview ended up being something that she was asked to disclose but didn't disclose ahead of time, that is not Ken's fault.

Paul Solis: Just real quickly go back to the work that Office Manager does for the fund.

Rep. Grayson: Yes.

Paul Solis: Could you briefly just talk about that?

Rep. Grayson: She essentially administers the fund. She's the manager of the fund.

Paul Solis: How many hours a week does she spend doing that?

Rep. Grayson: Well, it's one day a week, so I guess that would be approximately eight.

Paul Solis: And the rest of the time during the regular workweek, she's at the congressional office?

Rep. Grayson: That's correct.

Paul Solis: Is she a full-time employee of the congressional office?

Rep. Grayson: No, she's an employee for four days a week.

Paul Solis: In the House, there's either full-time or part-time employees designated. Do you know what her designation is?

Rep. Grayson: No, I don't.

Paul Solis: Does she keep track of her hours?

Rep. Grayson: What do you mean by that?

Paul Solis: Does she account for the time that she spends outside of the office or the time that she spends potentially working on official matters while she's at home?

Rep. Grayson: I've never actually seen her do that. I have never ... The answer is no, we don't have her keep track of her time the way a lawyer would or an accountant would. Her time is not billable, but I don't remember her ever working on official matters when she's out of the office. I don't remember her working on unofficial matters when she's in the office.

Paul Solis: And so she works on the fund matters at home?

Rep. Grayson: Correct.

Paul Solis: Does she use personal effects for that, her personal computer, personal cellphone for those efforts?

Rep. Grayson: No, she has equipment that's been provided to her by me through non-official, non-campaign resources, initial fund or otherwise.

Paul Solis: Does she also have official duties while she's at home on her day working for the fund? Does she field e-mails or calls related to her official duties?

Rep. Grayson: Not that I know of.

Paul Solis: Have you ever called her while she's at home on her day away from the office?

Rep. Grayson: Of course. I mean we talk about her unofficial duties on days when she is away from the office, so the answer is yes.

Paul Solis: Have you ever talked about official matters related to her congressional employment when she's at home?

Rep. Grayson: No, I don't think so, but the correct answer would be not that I recall. Talking about a long-term relationship, I can't account for every single conversation.

Helen Eisner: One final last category, I promise. What communications have you had with Victor Kubli about the OCE's review?

Rep. Grayson: I talked to Victor about your information request.

Helen Eisner: How was that initiated?

Rep. Grayson: I think I called Victor, although Victor may have called me.

Helen Eisner: What was that conversation, about our information request?

Rep. Grayson: Victor explained to me that you asked me for information that he considered attorney-client privileged. He asked me for my advice. My advice with him was not to waive privilege, and that's what happened.

Helen Eisner: Why did you contact him?

Rep. Grayson: As I said, I'm not sure whether I contacted him or he contacted me.

Helen Eisner: The conversation was about information that he considered to be attorney-client privileged?

Rep. Grayson: We both did. We both ... I mean once he explained to me what you were asking for, we both considered it to be attorney-client privileged. We agreed on that.

Helen Eisner: Did you ask him to have any particular communications with us regarding the request for information?

Rep. Grayson: I don't know what you mean by that.

Helen Eisner: Did you ask him to go back to the OCE and provide them with any type of response to his request for information?

Rep. Grayson: Still not clear what you mean.

Helen Eisner: Did you make any requests of Mr. Kubli in this conversation?

Rep. Grayson: No. As I indicated just now, we both agreed that the information you were seeking was attorney-client privileged, and we both agreed that it would be illegal for him to comply with the request.

Helen Eisner: What was the information we were seeking that was attorney-client privileged?

Rep. Grayson: Information regarding cases that he had worked on.

Helen Eisner: And where was that information stored?

Rep. Grayson: He told me that there was an inoperable computer that he had it stored on.

Helen Eisner: What information was contained on that computer?

Rep. Grayson: Attorney-client privileged information.

Helen Eisner: Since that phone conversation, have you spoken with Mr. Kubli?

Rep. Grayson: I may have had more than one conversation with him, but it may have been only one.

Helen Eisner: Did those conversations relate to the OCE's review?

Rep. Grayson: I stand by my answer. There may have been only one, but I don't recall specifically at this point. I will add to-

Helen Eisner: So you don't recall specifically if there were any additional conversations beyond the one that we have discussed?

Rep. Grayson: No, and I'll add that Victor, according to my best recollection, never had any billing information of any kind for Grayson Law Center or for Grayson & Kubli PC. That was entirely outside of his domain. He would have nothing that would be relevant determining the kinds of information you tried to solicit from me earlier today. However, he definitely did have attorney-client privileged information in his possession, and it would be, in my opinion, terribly wrong for him to give that to anyone other than the client or me, since I work on big cases with him together.

Paul Solis: Did he at all, in any of those conversations you might have had or even just spoke on, did he ever expressed his intention to cooperate with our review and provide that information to us?

Rep. Grayson: No.

Helen Eisner: I think that's it.

Rep. Grayson: Okay, wonderful.

Paul Solis: Thank you for your time.

Rep. Grayson: Okay. You're welcome.

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ERRATA SHEET -- REPRESENTATIVE GRAYSON TRANSCRIPT

Page	Line	Correction	Reason
2	7-8	"I know you're familiar with Financial Disclosure forms that you're required to file as a member of congress. Who prepares your financial disclosure statements?" - Congress should be capitalized; also capitalization of "financial disclosure" is inconsistent, should be lower case	typo, grammar
2	24-27	"Then in addition to that records of investment activities during the period in question." there should be a comma after "then in addition to that"	typo, grammar
3	10-11	Okay, and when you say, "In the situations where you would look at bank accounts, bank statements," how do you access those?; remove internal quotations around "In the situations . . . bank statements"	there should be no quotes around this language as Ms. Eisner was paraphrasing what Rep. Grayson said - she is not quoting word for word what he said
4	14	there are two periods at the end of this sentence, delete one of those periods	typo, grammar
4	16	"She works one-day a week for the fund."; delete the hyphen after the word "one"	typo, grammar
4	17-18	"If these are personal tax statements, your annual filings, you're annual return, Carla maintains those as well?" change you're to your	typo, grammar
5	6	"Mm-hmm (affirmative). Yes they do."; delete "(affirmative)."	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself.
5	8	"Through Carla I guess I have access to brokerage records." -- add a comma after Carla	typo, grammar
5	23-24	"Whenever something comes up that seems to require some attention or some kind of check. That's when I look back, otherwise I don't." Change to "Whenever something comes up that seems to require some attention or some kind of check. That's when I look back. Otherwise, I don't."	typo, grammar
6	6-11	"From time to time ... I'm not sure that the	typo, grammar

Page	Line	Correction	Reason
		Committee on Ethics is the one who does this. From time to time we've received suggestions that there might of been inadvertent omissions from either the PTR's or the annual reports. We often find that that's a misunderstanding, that they were actually correct as filed. On rare occasions we have found that there have been inadvertent omissions, and we promptly correct them." (1) place a comma after "from time to time" in line 7; (2) change "might of been" to "might have been"; (3) change PTR's to PTRs	
6	23-24	"All right again, I'm not sure it's the Committee on Ethics with whom we communicate, but the answer to your question is we write a letter." Change to "Alright -- again, I'm not sure it's the Committee on Ethics with whom we communicate. But the answer to your question is write a letter."	typo, grammar
6	29	"Over the course of nine years it has happened."; add a comma after the word "years"	typo, grammar
7	10-14	"Grayson and Kubli was the successor to Grayson and Associates in the terms of a name change. It was also either the successor or predecessor to Grayson, Kubli, and Hoffman as result to the name change. It was a legal entity created to reflect my practice in law with other people who I chose to practice law with from roughly the early 90's to my elections to Congress." (1) change to "Grayson, Kubli, and Hoffman as a result"; (2) change "90's" to "'90s" (3) change "elections" to election;	typo, grammar
7, <i>passim</i>	25-27, <i>passim</i>	Change "We did government contracts work, we did some patent work, we did whistle blower work, we did general litigation, civil litigation. Those were the largest categories. There were some other smaller categories as well." replace commas with periods so this is not a run-on sentence " to "We did government contracts work. We did some patent work. We did whistle-blower work. We did general litigation, civil litigation. Those were the largest categories. There were some other smaller categories as well."	typo, grammar
8	9-10	"I don't remember which of the two legal entities under which I practice law became AMG TR PC	

Page	Line	Correction	Reason
		but I'm guess that it was the later of the two." (1) add a comma after PC; (2) change later to latter	
8, <i>passim</i>	15, <i>passim</i>	change "Grayson and Kubli PC" to "Grayson & Kubli, P.C."	typo, spelling
8	18-20	"I'm going to have to rely on you for that one. Like I said, I think that it is a successor by name change to one of the two legal entities that under which I practiced law since the early 90's, but I can't be sure which."; change "90's" to " '90s"	typo, grammar
8	21	"When you say 'One of the two,'" change One to lower case	typo
9	4-5	Change "In some cases, yes in some cases no, we had some contingent fee cases and we had some pro bono cases." to "In some cases, yes in some cases no. We had some contingent fee cases, and we had some pro bono cases."	typo, grammar
9	12	add a period at the end of this sentence	typo, grammar
9	15-16	"Yeah... Yes from time to time he would supervise junior attorneys working at the firm" Change to "Yeah. Yes, from time to time, he would supervise junior attorneys working at the firm"	typo, grammar
9	20	change to a question mark at the end of this sentence instead of a period	this sentence is a question about whether Victor Kubli made any administrative decisions related to Grayson & Kubli, P.C.
10	5-8	"I decided on their billing rates, but they simply recorded their time on a regular basis. Their time records came to me and I issued bills for those clients who received monthly bills. And when we had a fee application I would prepare a fee application." add a comma after "records came to me" and after "when we had a fee application"	typo, grammar
10	18	Change "It's what I said. I'm not sure what exactly know what you mean by that." to "It's what I said. I'm not sure what exactly ... know what you mean by that."	typo, grammar
10	23-25	"Well, it's not the same, because in the case of financial disclosure there's a regular periodic requirement. There's no regular periodic requirement that corresponds to that when we	typo, grammar

Page	Line	Correction	Reason
		talk about law firm billings" (1) add a period at the end of the sentence; (2) add a comma between regular and periodic in both places.	
11	7-9	Change "I don't think we did that. I mean, if you're saying did I want to see a profit and loss statement? Or if I wanted to see a balance sheet. What would I do? I don't recall ever doing that for the law firm." to "I don't think we did that. I mean, if you're saying did I want to see a profit and loss statement? Or if I wanted to see a balance sheet? What would I do? I don't recall ever doing that for the law firm."	typo, grammar
11	19-22	"I think it's safe to say that the firm was inactive in 2009, so I think whatever financial activity of any kind there was, was minimal and probably involved an effort to shut the firm down. But the firm was not ... If you are referring to the entity of Grayson and Kubli was not active in 2009." Change to "But the firm was not – if you are referring to the entity of Grayson & Kubli – was not active in 2009."	typo, grammar
12	7-9	"Well it's under the heading of "asset and/or income source" G+K refers to Grayson and Kubli. Stock refers to my ownership of Grayson and Kubli and book refers to book value." (1): add a period after source; (2) add quotes around the words "G+K," "stock," and "book;" (3) add a comma after "ownership of Grayson and Kubli"	typo, grammar
12	10-12	"Okay. So what I'm going to do is also show you is 'T.H.A.G. 0922.' The document that you provided to our office. And this is a document for 'A.M.G.T.R.P.C.'" ; (1) take out internal quotes within this statement; (2) remove periods and use consistent spelling for Bates numbering; and (3) change "A.M.G.T.R.P.C." to "AMG TR PC"	typo, grammar
12	22-24	"To do that, I would have to actually see the tax return that I was associated with this. This is a K-1 Form 1120s. You would have to show me the Form 1040 for the same year in order for me to be able to do that." delete I in first sentence, and change "1120s" to "1120S".	typo, grammar
13	1-2	"I don't know. You would have to give the 1040 , so that I can look and schedule E and other	typo

Page	Line	Correction	Reason
		parts of the form in order for me to judge that properly." delete space after 1040	
14	32-33	Change "Grayson Law Center is a legal entity within which I practice law. Between the times that I was in Congress and when I was out of office." to "Grayson Law Center is a legal entity within which I practice law -- between the times that I was in Congress and when I was out of office."	typo, grammar
15, <i>passim</i>	20, <i>passim</i>	change "reelect" to "re-elect"	spelling
15	24-26	"Because the entity needed to continue in existence in case money that was owed to us was ever paid to it and I considered it to be inappropriate to have a law firm with my name in it after the election." add a comma after "ever paid to it"	typo, grammar
16	2-5	"Because the law firm was providing professional services that involved potentially fiduciary duty and I had provided such services myself and the law firm had clients who were familiar ... had clients who were familiar with the name Grayson because that was my name when I was running the firm." add comma before and after potentially; add a comma after fiduciary duty	typo, grammar
16, <i>passim</i>	6, <i>passim</i>	change "GL CTR PC" to "GL CTR., P.C."	spelling
17	8	"From time-to-time, consulting." remove hyphens	typo, grammar
17	13	change "90's" to "'90s"	typo, grammar
18	1-4	Change "I don't think that's correct. It might've filed doing business as filing in Virginia, if that's possible. That's legally recommended if you're doing business in a state, you generally want to file as doing business in that state, but if you're talking about a separate legal entity, I'm not aware of that at all." to "I don't think that's correct. It might've filed a "doing business as" filing in Virginia, if that's possible. That's legally recommended if you're doing business in a state. You generally want to file as doing business in that state. But if you're talking about a separate legal entity, I'm not aware of that at all."	typo, grammar

Page	Line	Correction	Reason
18	6-9	Change "The answer is yes, from time-to-time, some of the work that was done for Grayson Consulting was done in Virginia. I surmise that it's possible that a DBA, meaning "doing business as" form was filed in Virginia for Grayson Consulting. That's not at all the same as saying that it was a separate legal entity." to "The answer is yes. From time to time, some of the work that was done for Grayson Consulting was done in Virginia. I surmise that it's possible that a DBA, meaning "doing business as" form, was filed in Virginia for Grayson Consulting. That's not at all the same as saying that it was a separate legal entity."	typo, grammar
18	13	"You'd have to show it to me and I'd have to see if my signature's logged." add comma after "show it to me"	typo, grammar
18	16	Change "I was a partial owner, so were my children." to "I was a partial owner. So were my children."	typo, grammar
18	20	Change "That is really speculative, I'm trying to help you here but if a form had been filed-" to "That is really speculative. I'm trying to help you here but if a form had been filed-"	typo, grammar
18	26-28	"My only recollection, for what it's worth at this point many years later is that Grayson Consulting was probably incorporated in Florida. You're talking about probably more than a decade ago, probably well more than a decade ago." add a comma after "many years later"	typo, grammar
19	19	capitalize "Congress"	typo, grammar
19	20-23	Change "Clients who had active cases, generally, but not necessarily always, became clients of Kubli and Associates, the firm that you're referring to Grayson and Kubli, did not keep any active clients after I was elected. It was still owed money, but it didn't have active clients." break up to avoid run ons change to "the firm that you're referring to as Grayson and Kubli" to "Clients who had active cases, generally, but not necessarily always, became clients of Kubli & Associates, the firm that you're referring to as Grayson & Kubli, did not keep any active clients after I was elected. It was still owed money, but	typo, grammar

Page	Line	Correction	Reason
		it didn't have active clients."	
19	25-31	"I'm sure there were substantial amounts of money ... if we stopped the practice on day one there would be very likely companies and entities owing us money on day 366, a year later. For all I know, and I don't know one way or the other at this point, there may be still entities and companies, persons and entities that owe us money. But that money would be billed and come in after the client relationship had been terminated." add commas around "very likely"	typo, grammar
21	2-3	Change "Well, when I entered Congress they'd already been handed over to Kubli and associates, so let's be clear about that." to "Well, when I entered Congress they'd already been handed over to Kubli & Associates, so let's be clear about that."	typo, grammar
21	28	"VK 0003" but in line 30 there is no space between Bates number, instead "VK0013" – make Bates number spelling consistent	typo, grammar
23	1-5	"No. I don't know whether this agreement was one of those documents or not. There were thousands upon thousands of pages of personal records, and business records, and financial records, that were taken from my house and never returned despite the fact that we issued subpoena's and document request, and actually had orders to compel. None of those documents have ever been returned to me." change subpoena's to subpoenas and document request to document requests	typo, grammar
23	18-22	"This responsive to your request, and otherwise withhold ... Obviously we're not going to produce to you attorney/client privilege information. We're not going to produce to you work product. We're not going to produce to you things that we've identified we're not producing to you, but with regard to this particular document I've explained it as best I can."; change attorney/client to attorney-client, change "This responsive" to "This is responsive"	typo, grammar
23	29	change "record-keeping" to "recordkeeping"	spelling
24	8	"Rep. Grayson: All right." change to "Alright."	typo, grammar
24-	20-22	"Helen Eisner: It reads: as compensation for the assets for which the buyer and seller agree on a	

Page	Line	Correction	Reason
		value, buyer shall pay the seller \$2 million in principal payments over 48 months."; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
25	25-26	"Helen Eisner: Buyer assumes as a liability all debt that the seller owes to Grayson as a buy-out date the 'Grayson debt.' Can you describe to us what the Grayson debt is?"; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
28	1	"It's described by the word indefinite."; add quotations around the word "indefinite"	MS. Eisner is quoting from the document, therefore the word "indefinite" should be in quotes.
28	7-9	"Helen Eisner: As part of the compensation received by the seller under this agreement, the buyer shall continue the litigation of such cases without charge to the seller unless the seller consents to dismissal."; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
28	18-19	"As I said, it referred to none. It never came up. It's a classic example of what might be called the fine print." add quotations around the words "the fine print."	Rep. Grayson is using this language as an idiom or saying and not literally so it should be in quotes
29	11-13	"Helen Eisner: Paragraph 12. It says because the seller and buyer are unable to agree on the value of certain contingent fee cases, e.g. the Kargo cases, the IDT cases, the escheat case, and the Derivium cases."; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
29	16-18	"What do you mean by what were they? They were cases that Grayson and Kubli had been working on and the intention was for Kubli & associates to continue work on those cases after I	typo, grammar; also Grayson is quoting language from Ms. Eisner so that language should

Page	Line	Correction	Reason
		took office. That's what that refers to." put "what were they" in quotes; Change "Grayson and Kubli" to "Grayson & Kubli"; change "Kubli & associates" to "Kubli & Associates"	be in quotes
29	26	"No, I was not involved in it company." Change "it company" to "that company."	typo, grammar
31	1-4	"Those were a series of cases brought on a theory that calling cards, when they expired were subject to recovery by the state and that the defendants in those cases had erred. Defense is not the right word to use, the respondents in those cases had erred in not giving the state the value of the unused calling cards." Change "Defense" to "Defendants"	incorrect word
31	18-23	"That's a case regarding the defendant Derivium and many, many related parties involving the fact that I gave stock to Derivium and related entities and the stock was never returned to me. When I say I gave stock, I pled stock as collateral for loans. Give is not the right word to use technically, but I pledged stock as collateral for loans. At the termination of the loan, the stock was never returned to me." change "pled" to "pledged"	incorrect word
31	26	add a period at the end of this sentence	grammar
32, 33	27-28, 1-3	Change "The ones that we discussed before. I described generally in the context originally of Grayson and Associates and Grayson and Kubli. What kind of work that was, I indicated to you that Grayson Law Center did the same kind of work. Alisa was a part of that effort." to "The ones that we discussed before, I described generally in the context originally of Grayson & Associates and Grayson & Kubli. What kind of work that was, I indicated to you that Grayson Law Center did the same kind of work. Alisa was a part of that effort."	typo, grammar
33	5-6	"Towards the beginning of this sentence, when it's listing these cases that we've discussed, Kargo, IDT, Escheat, Derivium, it says 'e.g.'; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	

Page	Line	Correction	Reason
33	10-12	"The four that are specifically listed here, at the beginning of the sentence it says, 'The buyer and seller are unable to agree on the value of certain contingent fee case, e.g.'"; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
33	23-25	"Okay. This statement it says, a little further down, 'Such fees shall be deemed earned in full as of the date of the contingent fee agreement was made.' Why was that sentence included?" ; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
34, <i>passim</i>	11	change "GL CTR PC" to "GL CTR., P.C."	spelling
36	16-22	"There were ... The agreements by their nature don't self-terminate, so its implicit in the agreement that the agreement remains in effect indefinitely. I mean I represented private clients and entities that I remember going back to 1991, so I guess it's fair to say that I have a financial interest in every single retainer agreement I've ever signed going back to 1991, but it's just a fact of ... It's some sort of legal conclusion, but it's implicit in the nature of those kinds of agreements. Is that what you're getting at?"; change "its implicit" to "it's implicit"	
39	21-23	"Well, you said 2012. You dated the form as August 12th of 2013. I already said that GLCPC refers to the entity whose name changed formally known as Grayson Law Center, PC."; (1) change " whose name changed formally known as " to "name changed, formerly known as ..."; (2) change "Grayson Law Center, PC" to "Grayson Law Center, P.C." (<i>passim</i>)	typo, grammar/spelling
39	25	"THAG 0816" and "Towards the bottom of the page, it says 'self-prepared.'"; (1) please use consistent spelling of Bates designations; (2) change "self-prepared" to "Self-Prepared"	for (1) this is an issue related to spelling; for (2), Ms. Eisner was reading from a document and the transcript does not match

Page	Line	Correction	Reason
			what the document says
40, <i>passim</i>	6, <i>passim</i>	"THAG0808"; please use consistent spelling of Bates designations	spelling
40	8	"All right." Change to "Alright."	typo, grammar
40	9-10	"for page 0816, at the top it says total assets \$57,232, and then page 0808 we've got ordinary business income listed as --" change "\$57,232" to "357,232"	Ms. Eisner was reading from a document and the transcript (pursuant to notes on the transcript review) does not match what the document says
40	24	change "1120-S" to "1120S"	spelling
41	25, 28	"THAG 0829 and "THAG2859", inconsistent spelling of Bates designations, please use a consistent spelling	spelling
42	4	add a period at the end of this sentence	typo, grammar
44		"I may have. I think I remember drafting a complaint in that case. I don't remember doing any depositions or appear in court. I don't remember other work of that nature in that case." Change "appear" to "appearances"	typo, grammar
47	22	change "time-to-time" to "time to time"	typo, grammar
48	1-8	"I can't clarify, because I told you that the law firm's undertakings, Grayson Law Center undertakings were very limited. We're talking about between the time I left Congress in 2010 and the time that I resumed activities, after my election, in 2012, in addition to that, a good deal of time of that was spent involved in my 2012 campaign. We're talking about a very limited set of operations. With regards to Grayson and Kubli, that was a much more substantial operation and as I sit here today, my general impression is that money was transferred in to Grayson and Kubli, not out." change "in to" to "into"	typo, grammar
49, 50	29-32, 1-5	Okay. I don't remember that happening. Again, we're talking about events of a decade ago. There's always the possibility that I could be wrong, but with regard to Custer Battles, I don't remember any recovery occurring. Battles basically fled the country. In Custer's case there was never any success, at this point, to collect any judgment, frankly because Thurman hasn't bothered to do so. It's the government's responsibility to collect on these judgments,	wrong words were transcribed

Page	Line	Correction	Reason
		they're judgments on behalf of the United States. I don't remember any recovery against Custer or Battles, or the entity Custer Battles."; change "Thurman" to "the government"	
52	6-8	"The same as I just described with regard to Godfrey. I don't remember actively participating the litigation of that case, I don't remember doing depositions or doing related activities."; change "participating the litigation of that case" to "participating in the litigation of that case"	typo, grammar
52, <i>passim</i>	12, <i>passim</i>	change "vs." to "versus"	typo, grammar
52	16-18	"That case was pending for more than a decade, if I remember right, we used to refer to it as the Bleak house case, cause it went on interminably."; change "cause" to "'cause"	typo, grammar
52	25	change "relater" to "relator"	spelling
53	10	"Fund" is capitalized here but not elsewhere, inconsistent capitalization – use lower case for the word "fund"	typo, grammar
54	18-27	in the following passage, change "attorney's" to "attorneys" and "relater" to "relator": "If I can point out to you ... If I can just add this because you're referring to judgments. Judgments in no even remote tangential sense refer to anything that would resemble income to me. I hope you understand that. In these cases, it is the government's responsibility ... In those cases like the Custer Battles case where there is a judgment, it's the government's responsibility to collect on that. That may or may not result in revenue to the attorney's. That may or may not result in in come to the attorney's. Bear in mind that revenue is not the same as income, so I have to tell you I think you're going pretty afield, particularly when you're asking me about cases when it's a matter of public record that there was no judgment on behalf of the relater."	typo, grammar
54	35-36	"I haven't gone to court on the case in many many years, but Julie has my email address, . . . "; add a comma in many so that it reads "many, many"	typo, grammar
56	1-2	"Again, you're calling upon information that is many many years old, but if I recall correctly, there were several cases revolving around	typo, grammar

Page	Line	Correction	Reason
		Command."; add a comma after "many" so that it reads "many, many"	
57	23-24	Change "It's what we call Friends and Family Fund. It was established only with family money." to "It's what we call a "friends and family" fund."	Rep. Grayson is using this language as an idiom or saying and not literally so it should be in quotes
58	6-11	Change "LLC's" to "LLCs" in the following language: "A partner. By the way, I'm not at all certain of what I'm saying at this point. So you know I'm giving you my best answer. I know there are various technical terms that are used, and it's possible that I'm misusing the terms, but in each case it was a partnership or LLC. In the case of partnerships I was a partner. In the case of LLC's I was a member, and that's the best identification I could give to you. This was entirely left up to the lawyers."	grammar, typo
58	13-14	"As I indicated it was a friends and family fund, and it was set up with family money."; add quotes around "friends and family"	Rep. Grayson is using this language as an idiom or saying and not literally so it should be in quotes
58	16	change "long-standing" to "longstanding"	typo, grammar
60	1-4	"If I recall correctly, Carla Coleman's an employee for one day a week. I don't know which of those legal entities employ's her. I think Todd Jurkowski was a full-time employee of the fund during the period before I was re-elected to Congress."; change "employ's" to "employs"	typo, grammar
60	6-7	"David Keith is someone who works part-time for the Fund the way that Carla does."; change "Fund" to lowercase.	typo, grammar
60	19-20	add quotes around "friends and family"	Rep. Grayson is using this language as an idiom or saying and not literally so it should be in quotes
61	12	"I got to a website that identifies the funds investments and their current value." change "got" to "go" and change "funds" to "fund's"	typo, grammar
64	1	day-by-day" inconsistent with p. 62, line 8: "day by day"; change this to "day by day"	typo, grammar
65	10	change "Fund" to "fund"	typo, grammar
65	16	"THAG3539"; please use consistent spelling for Bates designations	spelling
67	6	TJ-1655" and "TJ-1668 through 1669"; please	spelling

Page	Line	Correction	Reason
		use consistent spelling for Bates designations	
67	10-15	"Rep. Grayson: "What it says. It begins saying, 'It's a fee equal to .5%, etc. but is subject to my waiving it or changing it.' Or I should say, it's subject to the Investment Manager waiving it or changing it, the Investment Manager is Grayson Fund Management Company, LLC. I would have some influence over that decision. It says, among other things, 'in the sole discretion of the Investing Manager, or General Partner, the management fee may be waived at the fund level.'"; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
67	27-31	change "an" to "and" in the following language: "It's the same, it's simply one of the rules that applies to give you some direction as to how the money goes out, if an when the money goes out after it's come in. When you create any sort of joint investing vehicle you have to have clear rules about how the money gets disseminated. That's another example of one of those rules."	typo, grammar
68	17-19	change "again, speaking in context, every time there's an investment fund, and you do it properly, through the advice of competent counsel, you have clear rules about who can withdraw, or obtain, what when." to " again, speaking in context, every time there's an investment fund, and you do it properly, through the advice of competent counsel, you have clear rules about who can withdraw or obtain what, when."	typo, grammar
68	28	"TJ-3170"; please use consistent spelling for Bates designations	spelling
68	31-36	"One of the statements you make, and this is the second sentence in the second full e-mail there, is, and this is a discussion of the management fee and the incentive allocation, in the first sentence, 'I think that both the fee and the allocation will generate substantial revenue and profit.'"; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly	

Page	Line	Correction	Reason
		from the document; we reserve the right to object to this language.	
69	25	"THAG-3526 and THAG-3537"; please use consistent spelling for Bates designations	spelling
70	25-27	"That's my understanding. My understanding is that the Fund made a decision to, as I said just now, take these funds that were payable but not paid, that's the term that's used in these statements, and essentially refund them." change "Fund" to "fund"	typo, grammar
71	1-9	71, lines 1-9, change "Fund" to "fund": "That under the rules of the game, as I referred to earlier, under the Fund management documents, there are various pots of money that are established. You keep track as you go along about how much is in each pot of money. The five entities have sub entities, sub accounts within each one of them. You keep track month by month of what is payable to each part of each entity. That does not mean that it's paid. It does not mean that it becomes revenue. It does not mean for sure that it becomes income. It does not mean that it's disseminated to anybody whose an individual investor to the Fund like me. That's a long, long, long way from anything even remotely resembling income."	typo, grammar
71, <i>passim</i>	15-16, <i>passim</i>	"His email. "Alan and I can confirm that your wire was sent" – there's a screenshot. This wire is listed. What was this wire?" spelling of email not consistent with "e-mail" on p. 68, line 28; change "email" to "e-mail"	typo, grammar
71	20	change "email" to "e-mail"	typo, grammar
72		change "Over time, the Fund generates management fees, profit, etc. that can be distributed to the owners of the Fund, meaning me, the children and mom's trust." to " Over time, the Fund generates management fees, profit, etc., that can be distributed to the owners ofthe Fund, meaning me, the children and Mom`s trust."	Ms. Eisner was reading from a document and the transcript does not match what the document says
72	14, 15	change "Fund" to "Fund"	typo, grammar
72	28	change "Funds" to "funds"	typo, grammar
72	30, 31	change "Fund" to "Fund"	typo, grammar
73	7-11	change "The GP (Alan) can withdraw \$4,079 for management fees and yes, no prior fees were	Ms. Eisner is not quoting directly as the correct

Page	Line	Correction	Reason
		taken before." remove quotes around this language	passage reads as follows (the amount Ms. Eisner referenced is different from the amount in the e-mail): "The GP (Alan) can withdraw \$4,079.22 for management fees and yes no prior fees were taken before."
73	27-28	"GP is an entity that they're referring to. GP refers to the General Partners. GP is not Alan Grayson."; change "General Partners" to "general partners" and put quotation marks around "GP"	typo, grammar
73	29	add a period at the end of this sentence	typo, grammar
73	30-31	"That's because I'm part owner of the General Partnership but you can't just ignore five different legal entities and claim that it's all Alan. That doesn't make any sense." change "General Partnership" to "general partnership"	typo, grammar
74	20	"THAG 2001"; please use consistent spelling of Bates designations	spelling
77	9	"Rep. Grayson: Yes, mm-hmm (affirmative), with regard to the document that's marked VK3 through VK13 on pages VK6 and VK7 there is marginalia of the paragraph numbers seven, nine, and ten are circled, and there is a question in the margin, 'Is there any with regard, pointing to the word 'the Grayson debt?'"; (1) delete "(affirmative)"; (2) change last sentence in this excerpt as follows: "... there is marginalia of the paragraph numbers seven, nine and ten are circled, and there is a question on the margin, 'Is there any?' with regard, pointing to the word 'the Grayson debt.'"	for (1) the words "affirmative" were never uttered by Rep. Grayson and therefore should be stricken; for (2) the placement of quotations and transcription regarding the discussion of marginalia is incorrect.
78	14, 15	"THAG 1691", THAG 1808 through 09"; please use consistent spelling of Bates designations	spelling
79	4	"THAG3327"; please use consistent spelling of Bates designations	spelling
81	5, 15	"THAG 3168" and "THAG 2585"; please use consistent spelling of Bates designations	spelling
81	32	change "funds" to "fund's"	typo, grammar
82	6	change "account" to "accountant" in the following language: "At least that's what one would hope, and that's what the instructions that	typo, grammar

Page	Line	Correction	Reason
		existed that were provided to the account at the time."	
84	3	"Mm-hmm (affirmative)" add period at the end of the sentence and strike "(affirmative)"	typo, grammar; and the word "(affirmative)" was never uttered
87	30-31	"Paul Solis: The Congressman said he would take a minute to review it and see if the trust was represented on these forms. (pause)" delete "(pause)"	the word "(pause)" was never uttered and therefore must be stricken
89	2	change "in to" to "into"; and change "counsel, obviously because of the advice of counsel, I can't go in to any details" to "counsel, obviously because of the advice of counsel I can't go into any details."	typo, grammar
89	13	"insight"; cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language.	
89	21-22	"Brett Kappel: I have no idea what time period that refers too. Below it says, "Travel to 185 countries." I don't think he did that in the last 8 years. Did you Alan?" (1) change "too" to "to"; (2) for language quoted from Todd Jrukowski document, cannot confirm or deny this language is correct since we were not provided this document and Ms. Eisner is reading directly from the document; we reserve the right to object to this language	typo, grammar
89	26	change "90's" to "'90s"	typo, grammar
90	3	change "90's" to "'90s"	typo, grammar
90	11	change "very very" to "very, very"	typo, grammar
90	24	"THAG 2564"; please use consistent spelling for Bates designations	spelling
91	9	"What is A-M-G Trust?"; change "A-M-G Trust" to "AMG Trust"	typo, grammar
91	20-22	"I explained that early in the context of Derivium. I gave Alexander capital markets stock, as a collateral for loan. When the loans terminated the stock was not returned to me. Sorry I couldn't remember that a few minutes ago."; capitalize "capital markets"	typo, grammar
92	17-19	"I don't have one, but if I recall correctly, this was address in a letter we gave to you. If I recall correctly, there was an entity of which I was an	typo, grammar

Page	Line	Correction	Reason
		office, and that entity was officer of Save Our Shores."; change end of this language to say "was an officer of Save Our Shores".	
92	24	change ""AMG TRP C" to ""AMG TR PC"	typo, grammar
93	7	change "my answer to, respect, to Save Our Shores." to "my answer to, respect to, Save Our Shores."	typo, grammar
93	11-14	change "on behalf of the AMG TR PC, and not in my personal capacity." to " on behalf of AMG TR PC, and not in my personal capacity."	typo, grammar
95	12	change "Kevin Frank" to "Kevin Franck"	spelling
95	19	95 remove quotes around "I don't know how often he..."	Rep. Grayson is not attributing this language to anyone or otherwise using this language in a way that requires quotation marks around it
<i>passim</i>	<i>passim</i>	the phrase "congressional office" is used in some place but "Congressional office" is used in other (See e.g. pg. 95); please use consistent capitalization as capitalization is only proper if the congressional office is used as a proper noun	
96	29-30	change "Subject Line: Re, Ethics Questions Surround Senate Candidate, Alan Grayson." to "RE: Ethics questions surround Senate candidate Alan Grayson"	Rep. Grayson was reading from a document and the transcript does not match what the document says
96	31-32	"A liberal Democrat" to "I'm a liberal Democrat"	typo, grammar
97	6-7	"Pretty much. I mean, I certainly did not agree is was my fault, in any sense. I'm not responsible for making these kinds of judgments." change "is was" to "it was"	typo, grammar
97	21-23	Change "I don't think there is any rule that says that you can't bring a campaign computer into an office. I have Wi-Fi on my phone, so I don't need to use the Capitol Wi-Fi." to "I don't think that there is any rule that says that you can't bring a campaign computer into an office. I have wifi on my phone, so I don't need to use the Capitol wifi. "	Ms. Eisner was reading from a document and the transcript does not match what the document says
97	29	change "DC" to "D.C."	typo, grammar
99	8	"THAG 0056"; use consistent spelling for Bates designations	spelling
9	14-15	change "The Congressman will not do anymore interviews in his government office regarding his campaign for the U.S. Senate. " to " The	Ms. Eisner was reading from a document and the transcript does not match

Page	Line	Correction	Reason
		Congressman will not do any more interviews in his government office regarding his campaign for the US Senate."	what the document says
99	22-24	change "The Congressman will not do anymore interviews in his government office regarding his campaign for the U.S. Senate. " to " The Congressman will not do any more interviews in his government office regarding his campaign for the US Senate."	Ms. Eisner was reading from a document and the transcript does not match what the document says
100	7-8	"Ken tries to illicit the contents of the interview before they occur." change "illicit" to "elicit"	wrong word usage
101	10	Mm-hmm (affirmative)." strike "(affirmative)"	the word "(affirmative)" was never uttered
101	23	put in quotes: "Shut Down the Shutdowns Act."	this is the colloquial name for an initiative championed by Rep. Grayson and therefore should be in quotes
102	26	put in quotes: "Shut Down the Shutdowns Act."	this is the colloquial name for an initiative championed by Rep. Grayson and therefore should be in quotes

This errata sheet is submitted subject to 18 U.S.C. § 1001 (commonly known as the False Statements Act).

Witness Name: _____

Witness Signature _____

Date: 11/23/15

EXHIBIT 3

Do Not Copy or Circulate.
For the Exclusive Use of:

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THE GRAYSON FUND, LP
Confidential Private Placement Memorandum

February 26, 2013

GENERAL PARTNER:

The Grayson Fund General Partner, LLC
4705 S. Apopka Vineland Road
Suite 110

Orlando, FL 32819

Tel: [REDACTED]

Fax: [REDACTED]

INVESTMENT MANAGER:

The Grayson Fund Management Company, LLC
4705 S. Apopka Vineland Road
Suite 110

Orlando, FL 32819

Tel: [REDACTED]

Fax: [REDACTED]

PROSPECTIVE INVESTORS SHOULD READ THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") CAREFULLY BEFORE DECIDING WHETHER TO PURCHASE INTERESTS (THE "INTERESTS") IN THE GRAYSON FUND, LP (THE "FUND") AND SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION UNDER THE HEADING "CERTAIN RISK FACTORS."

THE INTERESTS BEING OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY OTHER GOVERNMENTAL AUTHORITY AND NEITHER THE SEC NOR ANY SUCH OTHER AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IT IS ANTICIPATED THAT THE OFFERING AND SALE WILL BE EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "1933 ACT"), UNDER THE EXEMPTION PROVIDED BY SECTION 4(2) OF THE 1933 ACT AND THE VARIOUS STATE SECURITIES LAWS AND THAT THE FUND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "COMPANY ACT").

THE INTERESTS BEING OFFERED HEREBY HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE SECURITIES LAWS OF ANY JURISDICTION INSIDE OR OUTSIDE OF THE UNITED STATES. YOU ARE ENCOURAGED TO READ THIS INFORMATION AND RETAIN THIS MEMORANDUM FOR FUTURE REFERENCE. NON-U.S. INVESTORS SHOULD CONSULT COUNSEL IN THEIR JURISDICTION REGARDING AN INVESTMENT IN FUND INTERESTS.

INVESTMENTS IN THE FUND ARE NOT BANK DEPOSITS AND ARE NOT COVERED BY FDIC INSURANCE. INVESTMENTS IN THE FUND MAY RESULT IN THE LOSS OF PRINCIPAL. INVESTMENTS IN THE FUND MAY BE RISKY AND SUBJECT TO TOTAL LOSS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE INTERESTS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS ARE BEING OFFERED TO PERSONS WHO QUALIFY AS ACCREDITED INVESTORS UNDER THE 1933 ACT, AND, TO THE EXTENT CONSISTENT WITH THE FUND'S AFFILIATES' REGISTRATION EXEMPTIONS FROM THE COMMODITY EXCHANGE ACT, TO NON-ACCREDITED INVESTORS IN THE GENERAL PARTNER'S SOLE DISCRETION. THE MINIMUM SUBSCRIPTION FOR INTERESTS IS \$500,000, ALTHOUGH THE GENERAL PARTNER MAY INCREASE THIS AMOUNT OR ACCEPT SUBSCRIPTIONS FOR LESSER AMOUNTS IN ITS SOLE DISCRETION. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY INTERESTS IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PROVIDED IN THE LIMITED PARTNERSHIP AGREEMENT AND AS PERMITTED UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS. THERE IS NO OBLIGATION OF THE FUND TO REGISTER THE INTERESTS UNDER THE 1933 ACT. AS A RESULT, INVESTORS SHOULD BE AWARE THAT THEY MAY NOT BE ABLE TO LIQUIDATE THEIR INVESTMENT QUICKLY OR ON ACCEPTABLE TERMS, IF AT ALL, AND MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

INVESTMENT IN INTERESTS IS SPECULATIVE AND INVOLVES SIGNIFICANT RISK DUE, AMONG OTHER THINGS, TO THE SPECULATIVE NATURE OF THE FUND'S INVESTMENT STRATEGIES AND THE TYPES OF INSTRUMENTS AND INVESTMENTS, IN EACH CASE OF EVERY KIND AND CHARACTER, IN WHICH IT MAY INVEST ("SECURITIES"). INVESTORS SHOULD UNDERSTAND SUCH RISKS AND HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THEM FOR AN INDEFINITE PERIOD OF TIME. INVESTMENT IN THE FUND IS ONLY FOR INVESTORS WHO ARE WILLING TO ASSUME SUBSTANTIAL RISK OF LOSS, INCLUDING ENTIRE LOSS OF PRINCIPAL. SEE "CERTAIN RISK FACTORS."

DURING THE COURSE OF THIS OFFERING AND PRIOR TO SALE, EACH OFFEREE OF INTERESTS AND ITS OFFEREE REPRESENTATIVE(S), IF ANY, ARE INVITED TO QUESTION THE GENERAL PARTNER CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ADDITIONAL INFORMATION, TO THE EXTENT THE GENERAL PARTNER HAS AND IS WILLING TO PROVIDE SUCH INFORMATION AND CAN ACQUIRE IT WITHOUT UNREASONABLE EXPENSE OR EFFORT, CONCERNING THIS OFFERING OR TO VERIFY THE ACCURACY OF INFORMATION CONTAINED IN THIS MEMORANDUM. SUBJECT TO THE FOREGOING, ANY REPRESENTATION OR INFORMATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND OR ITS GENERAL PARTNER SINCE NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR TO PROVIDE ANY SUCH INFORMATION. INQUIRIES SHOULD BE DIRECTED TO THE GENERAL PARTNER. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE ON THE COVER HEREOF.

NEITHER THE FUND, THE GENERAL PARTNER, NOR ANY OF THEIR REPRESENTATIVES OR AGENTS IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE INTERESTS REGARDING THE LEGALITY OF ANY INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER. NOTHING HEREIN IMPLIES THAT IT SPEAKS AS OF ANY DATE AFTER THE DATE HEREOF.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, INVESTMENT, TAX OR OTHER ADVICE. EACH PROSPECTIVE INVESTOR MUST RELY UPON HIS OR HER OWN REPRESENTATIVES, INCLUDING HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANTS, AS TO LEGAL, ECONOMIC, TAX AND RELATED ASPECTS OF THE INVESTMENT DESCRIBED HEREIN AND AS TO ITS MERITS, RISKS AND SUITABILITY FOR SUCH INVESTOR.

THIS MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN THE INTERESTS. DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. AS A RESULT, THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART OR DELIVERED BY YOU OR YOUR AGENT TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER. IF YOU ARE NOT A QUALIFIED INVESTOR, OR IF YOU DECIDE NOT TO SUBSCRIBE FOR AN INTEREST, PLEASE RETURN THIS DOCUMENT AND ALL OTHER RELATED DOCUMENTS TO THE GENERAL PARTNER AT THE ADDRESS PROVIDED HEREIN.

THE INVESTMENT APPROACH AND TRADING TECHNIQUES USED BY THE FUND MAY INVOLVE A HIGHER DEGREE OF RISK THAN THAT ASSOCIATED WITH OTHER INVESTMENT ALTERNATIVES. AN INVESTMENT IN THE FUND IS NOT AN APPROPRIATE INVESTMENT FOR ANYONE UNABLE TO BEAR SUBSTANTIAL RISK OR REQUIRING LIQUIDITY, AND SHOULD NOT BE VIEWED AS A COMPLETE INVESTMENT PROGRAM.

This Memorandum contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of

places in this Memorandum and include statements regarding the intent, belief or current expectations of the Fund or the General Partner with respect to, among other things, (i) the use of proceeds of this Offering; (ii) the ability of the Fund to identify investment opportunities; and (iii) the performance of the Fund or its affiliates.

Prospective Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. The accompanying information contained in this Memorandum, including, without limitation, the information under "Investment Objectives and Policies," and "Certain Risk Factors" identifies important factors that could cause such differences.

This Memorandum has been prepared in connection with a private offering to qualified Investors of Interests in the Fund. Each Investor will be required to execute a Subscription Agreement (which will be subject to review and acceptance) and by execution thereof will be deemed to have signed a Limited Partnership Agreement to consummate an investment in the Fund. This Memorandum is not an offer to sell or solicitation of an offer to buy Interests to any unqualified Investors, or to any person other than the person whose name appears on the cover, and it is not to be reproduced or redistributed.

FOR GEORGIA RESIDENTS ONLY: THESE SECURITIES HAVE BEEN ISSUED OR SOLD IN RELIANCE ON PARAGRAPH (13) OF CODE SECTION 10-5-9 OF THE "GEORGIA SECURITIES ACT OF 1973" AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

FOR FLORIDA RESIDENTS ONLY: PURSUANT TO THE LAWS OF THE STATE OF FLORIDA, IF SALES ARE MADE TO FIVE (5) OR MORE INVESTORS IN FLORIDA, ANY FLORIDA INVESTOR MAY, AT HIS OPTION, WITHDRAW UPON WRITTEN (OR TELEGRAPHICAL) NOTICE, ANY PURCHASE HEREUNDER WITHIN A PERIOD OF THREE (3) DAYS AFTER (A) THE INVESTOR FIRST TENDERS OR PAYS TO THE FUND, AN AGENT OF THE FUND OR AN ESCROW AGENT THE CONSIDERATION REQUIRED HEREUNDER, (B) THE INVESTOR DELIVERS HIS EXECUTED SUBSCRIPTION DOCUMENTS OR (C) THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH INVESTOR, WHICHEVER OCCURS LATER.

PURSUANT TO RULES ISSUED BY THE COMMODITY FUTURES TRADING COMMISSION (THE "CFTC"), THE GENERAL PARTNER AND INVESTMENT MANAGER ARE NOT REQUIRED TO REGISTER, AND ARE NOT REGISTERED, WITH THE CFTC AS COMMODITY POOL OPERATORS ("CPOs") OR COMMODITY TRADING ADVISORS ("CTAs"). THE GENERAL PARTNER AND INVESTMENT MANAGER ARE EXEMPT FROM SUCH REGISTRATION BECAUSE: (A) THE GENERAL PARTNER AND INVESTMENT MANAGER REASONABLY BELIEVE THAT EACH INVESTOR IN THE FUND IS AN "ACCREDITED INVESTOR", (B) NO MORE THAN 100% OR 5% OF THE FUND'S ASSETS' LIQUIDATION VALUE WILL BE ALLOCATED TO NET NOTIONAL VALUE OR INITIAL MARGIN AND PREMIUMS, RESPECTIVELY, OF COMMODITIES, AND (C) THE FUND IS NOT MARKETED AS A VEHICLE FOR TRADING COMMODITIES. UNLIKE A REGISTERED CPOs OR CTAs, THE GENERAL PARTNER AND INVESTMENT MANAGER ARE NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT AND A CERTIFIED ANNUAL REPORT TO INVESTORS IN THE FUND. TO CLAIM THE EXEMPTION FROM CPO AND CTA REGISTRATION, THE GENERAL PARTNER AND INVESTMENT MANAGER ARE REQUIRED TO FILE, AND HAVE FILED, A PRESCRIBED NOTICE WITH THE NATIONAL FUTURES ASSOCIATION.

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DIRECTORY

Principal Office of the Fund: The Grayson Fund, LP
4705 S. Apopka Vineland Road
Suite 110
Orlando, FL 32819
Tel: [REDACTED]
Fax: [REDACTED]

Principal Office of the Master Fund: The Grayson Master Fund (Cayman), LP
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman KY1-1104
Tel: [REDACTED]
Fax: [REDACTED]

General Partner: The Grayson Fund General Partner, LLC
4705 S. Apopka Vineland Road
Suite 110
Orlando, FL 32819
Tel: [REDACTED]
Fax: [REDACTED]

Investment Manager: The Grayson Fund Management Company, LLC
4705 S. Apopka Vineland Road
Suite 110
Orlando, FL 32819
Tel: [REDACTED]
Fax: [REDACTED]

Auditor: McGladrey & Pullen LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: [REDACTED]

Prime Broker: ConvergEx Prime Services LLC
11175 Cicero Drive, Suite 575
Alpharetta, GA 30022
Tel: [REDACTED]
Fax: [REDACTED]

Administrator: G&S Fund Services
114 West 47th Street, Suite 1725
New York, NY 10036
Tel: [REDACTED]
Fax: [REDACTED]

U.S. Counsel: Holland & Knight LLP
200 South Orange Avenue
Suite 2600
Orlando, Florida 32801
Tel.: [REDACTED]
Fax: [REDACTED]

**Counsel to the Master Fund (as to
Cayman Islands law only):**

Maples and Calder
11th Floor
200 Aldersgate Street
London EC1A 4HD
United Kingdom
Tel: [REDACTED]
Fax: [REDACTED]

INVESTOR SUITABILITY STANDARDS

Offers to sell Interests, and solicitations of offers to buy Interests, in this Offering are being made to persons whom the General Partner believes to be "accredited investors" as explained below and as set forth in further detail in the Subscription Agreement, attached hereto as Exhibit B (the "Subscription Agreement").

Accredited Investors. An accredited investor is a person who qualifies as such, and so represents and warrants in the Subscription Agreement. In general, accredited investors are individuals having a certain minimum income or net worth, institutional investors, or management personnel of the General Partner. For individuals, the following persons are "accredited investors."

- (a) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000 (not including any equity in the primary residence of such person(s)); or
- (b) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
- (c) Any director or executive officer of the General Partner or its affiliates.

Eligibility standards for non-individual Investors (i.e. corporations and other entities) are generally different from the natural person eligibility standards set forth above and generally require \$5 million in assets. Detailed eligibility standards for non-individual Investors are discussed in detail within the Subscription Agreement.

Notwithstanding any other statement herein, eligibility standards for all Investors may be subject to change pending the outcome of changes in law or any increases to applicable eligibility standards by the SEC or other regulatory body.

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Memorandum and the Fund's constituent documents including the Limited Partnership Agreement. Capitalized terms used below and not otherwise defined have the meanings assigned to them in the Limited Partnership Agreement.

THE FUND AND MASTER FUND

The Grayson Fund, LP (the "Fund") is a private investment fund that was organized as a limited partnership under the laws of Delaware on April 19, 2011. The Fund currently intends to conduct all of its investment and trading activities through The Grayson Master Fund (Cayman), LP, a Cayman Islands exempted limited partnership registered under the Exempted Limited Partnership Law (as revised) of the Cayman Islands (the "Master Fund"), for which the General Partner and Investment Manager (each defined below) serve as the general partner and investment manager, respectively. The Master Fund is regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands ("Mutual Funds Law"). The Cayman Islands Monetary Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. The General Partner has the general authority to operate the business of the Master Fund and has delegated investment discretion over the Master Fund's assets to the Investment Manager. The Master Fund will issue its interests to, and act as a central investment mechanism for, the Fund and one or more other investment vehicles or feeder funds including The Grayson Fund (Cayman) Ltd., which has been formed to meet the needs of U.S. tax exempt and non-U.S. investors. The Fund will own one class of interests of the Master Fund, which may create additional series or classes of interests, having the same or different terms as the class owned by the Fund, for additional investors or feeder funds in the future. While the Fund's investment activities will be conducted indirectly (through its investment in the Master Fund), the Fund will not be precluded from subsequently making direct investments consistent with the investment program described in this Memorandum. Documents relating to the Master Fund are available upon request.

Neither the Fund nor the Master Fund intend to register under the Securities Act of 1933, as amended (the "Securities Act"), or register as investment companies under the Investment Company Act of 1940, as amended (the "Company Act"), by virtue of section 3(c)(1) thereunder.

THE PROVISIONS REFERENCED TO THE FUND WITHIN THIS MEMORANDUM MAY ALSO BE DEEMED TO APPLY, AND SHOULD BE READ TO APPLY EQUALLY, TO THE MASTER FUND AND/OR VICE VERSA, WHERE RELEVANT.

THE GENERAL PARTNER AND INVESTMENT MANAGER

The Fund's general partner is The Grayson Fund General Partner, LLC (the "General Partner"), a limited liability

company organized under the laws of Delaware on April 19, 2011. The Fund's investment manager is The Grayson Fund Management Company, LLC (the "Investment Manager"), a limited liability company organized under the laws of Delaware on April 19, 2011. Alan Grayson and/or related family entities or persons are the sole members of the General Partner and Investment Manager. Neither the General Partner nor the Investment Manager is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), (or any similar state law). Alan Grayson (or his designee) will have initial primary responsibility for the Fund's investment decisions. Todd Jurkowski will generally oversee marketing, investor relations and certain administrative activities for the Fund. The address for the Fund, General Partner, and Investment Manager are as set forth in the Directory.

THE PROVISIONS REFERENCED TO THE GENERAL PARTNER WITHIN THIS MEMORANDUM MAY ALSO BE DEEMED TO APPLY, AND SHOULD BE READ TO APPLY EQUALLY, TO THE INVESTMENT MANAGER AND/OR VICE VERSA, WHERE RELEVANT.

ADVISORY BOARD

The General Partner and/or Investment Manager currently intend, but are not required, to establish an advisory board (the "Advisory Board") to regularly and periodically provide such advice and counsel as is requested by the General Partner and/or Investment Manager in connection with general business and/or other matters related to the Fund (currently expected to include, but not be limited to, fund policies and investment strategies); the members of the Advisory Committee shall be appointed and removed in the sole discretion of the General Partner and/or Investment Manager and are currently expected to include affiliates of the General Partner or Investment Manager (namely, employees), but may also include, in the sole discretion of the General Partner and/or Investment Manager, Investors and unrelated third parties (which may pose certain conflicts of interest). The current members of the Advisory Board, if any, are available upon request. The General Partner and Investment Manager will retain ultimate responsibility for all decisions relating to the operation and management of the Fund, including investment decisions.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective, under normal market conditions, is to seek capital appreciation by investing and/or trading in securities. The Fund currently intends, but is not required, to accomplish its investment objective by investing and/or trading in both U.S. and non-U.S. securities. See "Certain Risks of Foreign Securities" below under "CERTAIN RISK FACTORS". The Fund is also currently expected to take material long and/or short positions in one or more Securities; accordingly, all or a substantial portion of the Fund's assets may be invested in long or short positions at any given time as determined in the sole discretion of the Investment Manager.

See also "Other Business Risks - Short Selling" below under "CERTAIN RISK FACTORS". However, notwithstanding the foregoing, the Investment Manager retains broad investment flexibility. Accordingly, the Fund may invest and/or trade, on margin and otherwise, directly or indirectly, long and short, in public and private investments or securities, whether U.S. or non-U.S. issued, including without limitation, equities, common stock, preferred stock, convertible securities and debentures, exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), "new issues" (i.e. initial public offerings), restricted securities, private placements, illiquid securities, mezzanine and hybrid securities, American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), Global Depositary Receipts ("GDRs"), Holding Company Depositary Receipts ("HOLDRs"), New York Registered Shares ("NYRs"), American Depositary Shares ("ADSS"), options (including, but not limited to, purchasing put and call options and writing put and call options), swaps, warrants, rights, caps, floors, collars, commodities (including any futures and options on futures), currencies and spot contracts, forward contracts on currencies and commodities, repurchase agreements, reverse repurchase agreements, other funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with the General Partner), collateralized debt obligations ("CDOs") (which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), collateralized commodity obligations ("CCOs") and other similarly structured securities), asset backed securities, mortgage backed securities, real estate securities, direct or indirect investments in real estate, mortgage dollar rolls, guaranteed investment contracts ("GICs"), funding agreements, fixed-income securities, corporate bonds and notes, high yield fixed income securities and junk bonds, municipal obligations, U.S. government agency obligations, U.S. government securities, U.S. Treasury obligations, inflation-indexed bonds, auction rate certificates or securities ("ARS"), pay-in-kind securities, receipts, senior loans, structured notes, step coupon bonds ("STEPS"), tender option bonds, variable and floating rate instruments, zero coupon bonds, commercial paper and other cash equivalents, bank obligations, banker acceptances, certificates of deposit, demand instruments, time deposits, and other instruments and investments, in each case of every kind and character, whether or not commonly defined or registered as a "security" (collectively "**Securities**"), and may lend funds or assets and borrow money, with and without collateral. The Fund will not be subject to specific percentage limitations with respect to any style, country, region, Security, issuer, or industry. Accordingly, the Fund may, from time to time, invest and/or trade, on margin and otherwise, long and short, a substantial portion of the Fund's assets into any one of the Securities

described herein, or any single issuer thereof. Furthermore, there is no limit as to the percentage of an issuer's Securities that the Fund may own. Positions in Securities may be held for very short periods, even as little as a portion of one day. Any such turnover may increase transaction costs and lead to realization of taxable gain. In addition, the Fund may from time to time, for temporary or defensive or other purposes, invest up to 100% of its assets directly or indirectly in cash, cash equivalents, bank deposits, and/or similar instruments, including short-term high quality obligations of corporate issuers or the United States or other Government (including any agencies or instrumentalities thereof).

Notwithstanding the foregoing, the General Partner retains broad investment discretion and may change the foregoing practices and policies at any time without notice to Limited Partners.

There can be no assurance that the Fund will achieve its investment objectives.

LEVERAGE AND DERIVATIVES

The Fund reserves the right to borrow money, utilize margin, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements, forward contracts, and other derivative instruments) for any purpose, including, but not limited to: (1) leveraging Fund assets for any purpose, including, but not limited to, enhancing the Fund's returns, if any; (2) seeking to hedge the Fund's investments and/or other assets; and (3) making speculative investments. As a result of any such leverage, the Fund may generate unrelated business taxable income. Accordingly, Interests may not be suitable for charitable remainder trusts and tax-exempt entities, including benefit plan investors. The use of leverage entails substantial risks. See "Leverage; Interest Rates; Margin" under "CERTAIN RISK FACTORS".

OFFERING TERMS

Limited partnership interests in the Fund ("Interests") are being offered to qualified Investors who are "accredited investors" as defined in Regulation D under the Securities Act of 1933. The Fund may begin operations without receiving any prescribed minimum amount of capital contributions. Significant portions of the Fund's capitalization may, but are not required to, consist of investments by the General Partner and its affiliates.

Investors may initially subscribe for interests, or make Additional Capital Contributions monthly or as otherwise determined by the General Partner. Initial and Additional Capital Contributions that are accepted in the sole discretion of the General Partner will generally be effective for investment on the first day of each calendar month. The minimum investment for an Investor is \$500,000. The minimum Additional Capital Contribution is \$100,000. The General Partner may increase or waive the foregoing minimums in its sole discretion. No Partner will be required or

obligated to contribute any capital in addition to its initial investment of \$500,000, or such lesser amount as such Partner was permitted to invest in the sole discretion of the General Partner. There currently is no minimum limit for total capital contributions to the Fund; the current maximum limit for total capital contributions to the Fund is \$1 billion, subject to increase or decrease in the sole discretion of the General Partner. All investments in Interests must be made in readily available federal funds, or, at the sole discretion of the General Partner, other property. See the instructions set forth in "Offering and Sale of Interests; Subscriptions" and in the Subscription Agreement delivered with Memorandum. Subscribers will be required to sign the limited partnership agreement (the "Limited Partnership Agreement") by signing the Subscription Agreement delivered with the Private Offering Memorandum. Signature pages are included in the Subscription Agreement. If accepted in the General Partner's sole discretion, prospective qualified investors will become Limited Partners in the Fund ("Limited Partners" or "Investors"). See "Limited Liability of Limited Partners" under "OUTLINE OF LIMITED PARTNERSHIP AGREEMENT".

Notwithstanding any other statement herein: (i) the Fund may create classes of Interests or achieve the effect of having created "classes" via special allocations to one or more specific Limited Partner's Capital Accounts without having legally created, per se, "classes" within the Fund; and (ii) each Limited Partner may have different economics and/or holdings within the Fund by special class or special allocation(s).

The General Partner reserves the right to reject any subscription in its entirety, for any reason whatsoever, or to allocate to any subscriber a lesser number of Interests, or fractions thereof, than it has offered to purchase, or to remove any Limited Partner in its sole discretion.

The General Partner and its principals may, but are not required to, invest in the Fund.

THE NON-U.S. FUND

The principals of the General Partner and Investment Manager have established The Grayson Fund (Cayman) Ltd., which is a Cayman Islands exempted company incorporated with limited liability and a private investment fund with the same investment objectives, policies and strategies as the Fund generally for investment by non-U.S. persons and U.S. tax-exempt investors that are, inter alia, "accredited investors" as defined under Regulation D of the Securities Act of 1933 (the "Non-U.S. Fund"). Like the Fund, the Non-U.S. Fund will invest substantially all of its assets in the Master Fund. Currently, the Master Fund intends, but is not required, to sell its equity interests only to the Fund and the Non-U.S. Fund.

ADDITIONAL INFORMATION

Prospective Limited Partners are invited to meet with Alan Grayson or Todd Jurkowski for a further explanation of the terms and conditions of this offering of Interests in the Fund

and to obtain certain additional information necessary to verify the information contained in this Memorandum. Requests for such information should be directed to the General Partner at the address set forth in the Directory.

MANAGEMENT FEE

The Fund will pay in advance to the Investment Manager, as of the Inception Date and on the first day of each calendar quarter thereafter, a fee ("Management Fee") equal to 0.50% (2% annualized) of the opening Capital Account balances of the Limited Partners in the quarter to which the Management Fee relates (prorated for any permitted mid-quarter investments). The Management Fee will be payable by the Fund as of the Inception Date, and thereafter, on January 1, April 1, July 1, and October 1. The Investment Manager and/or General Partner may waive or modify, in whole or in part, the Management Fee for any account, including those of an affiliate or family member of the Investment Manager, General Partner or their principals.

Investors will only incur one Management Fee with respect to the Investment Manager, which is currently expected to occur at the Fund level and not at the Master Fund level. However, in the sole discretion of the Investment Manager and/or General Partner, the Management Fee may be waived at the Fund level and incurred at the Master Fund level at any time.

The Management Fee is generally allocated in the same manner as Profits and Losses (prior to the Incentive Allocation (defined below)).

ORGANIZATIONAL AND OFFERING EXPENSES

The Fund will bear all legal and other organizational expenses incurred in the formation of the Fund.

The Fund will be required to pay its pro rata portion of such expenses of the Master Fund.

OTHER FEES & EXPENSES

The General Partner may make payments to sellers of Interests in the Fund, who also may charge fees to Investors directly. Such payments may pose conflicts of interest.

The General Partner will make personnel and facilities available to the Fund (some of which may be compensated or reimbursed by the Fund for administrative assistance) and may hire providers of ongoing accounting, administration and reporting functions at Fund expense.

The General Partner will pay all of its own ordinary administrative and overhead expenses in managing Fund investments, including salaries, benefits and rent.

Except as noted above, the Fund will pay, from its own assets, all other expenses attributable to the activities of the Fund, including but not limited to: fees, costs, brokerage commissions, research services and products (including the research services and products of the type more fully

described under BROKERAGE COMMISSIONS), and other expenses (including travel costs) related to the purchase and sale of investments; expenses for custodians, outside counsel, administrators and accountants; printing; mailing; insurance for the General Partner; any litigation expenses; any taxes, fees or other governmental charges levied against the Fund; and any other expenses not expressly agreed to be paid by the General Partner. The Fund will be required to pay its pro rata portion of such expenses of the Master Fund. Such expenses may be significant and potentially exceed the Management Fee.

ALLOCATION OF PROFITS AND LOSSES; INCENTIVE ALLOCATION

In general, each Partner's capital contributions will be credited to a Capital Account established on the books of the Fund for each Partner.

At the end of each monthly Accounting Period of the Fund, any Profit or Loss is allocated to all Partners (including the General Partner) in proportion to their respective opening Capital Account balances for such period, provided that the General Partner will be allocated for each calendar quarter, for each Limited Partner of the Master Fund (e.g. the Fund), an amount equal to 20% of the Master Fund's Profit (including unrealized gains and adjusted for Management Fees and other expenses paid at the Fund level but not reflected in the balances of Master Fund Capital Accounts (i.e. the Fund's Capital Account)) credited to such partner's Capital Account in such quarter, subject to a loss carryforward or "high water mark" provision (the "Incentive Allocation"). The Profit or Loss of the Fund for a given Accounting Period will be the net investment income, plus the realized and unrealized gain or loss on investments from the beginning to the end of the Accounting Period (after deduction of the Management Fee and other expenses accrued or reimbursable to the General Partner).

Investors will only incur one Incentive Allocation with respect to the General Partner, which is currently expected to occur at the Master Fund level and not at the Fund level. However, in the sole discretion of the General Partner, the Incentive Allocation may be waived at the Master Fund level and incurred at the Fund level at any time.

The General Partner may waive or modify, in whole or in part, its Incentive Allocation for any account, including those of an affiliate or family member of the Investment Manager, General Partner or their principals.

INCEPTION DATE

The Inception Date was held on or about August 1, 2011.

TERM

The Fund's business commenced upon the Inception Date and shall continue until dissolved in accordance with the Limited Partnership Agreement.

RISK FACTORS

An investment in the Fund is speculative, and is suitable only

for Investors who are willing to accept substantial risks of loss, including entire loss of principal. See "Certain Risk Factors."

SECURITY RISKS IN
GENERAL

The Fund will be investing in securities which may involve a high degree of risk. See "Certain Risk Factors". Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Furthermore, the Fund is not subject to a specific percentage limit on any particular style, industry or issuer. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock or debt market, the value of the Fund's investments may decline if the particular companies in which the Fund invests do not perform well in the market.

Frequent trading may increase brokerage costs and have negative tax effects.

RELIANCE UPON INVESTMENT
MANAGER

The success of the Fund depends on the ability of the Investment Manager to identify, select and realize investments consistent with its objectives.

LACK OF OPERATING
HISTORY

The Fund and the General Partner are each recently organized and have no operating history with third party money upon which Investors may evaluate their possible performance.

LACK OF MANAGEMENT
CONTROL BY BENEFICIAL
OWNERS

Under the Limited Partnership Agreement, the Limited Partners do not have the right to participate in the management, control or operation of the Fund.

SIX MONTH LOCK-UP PERIOD

Interests purchased, whether by newly accepted subscribers or existing Investors, may not be withdrawn, either in whole or in part, until six months after the "Purchases" of such Interests are made (the "Lock-Up Period"), unless otherwise permitted in the sole discretion of the General Partner. For purposes of this paragraph, "Purchases" mean receipt by the General Partner or its delegate of the initial or additional capital contributions of Investors. Each Purchase will be subject to its own Lock-Up. The Fund may use a First In First Out approach for determining the age of Purchases. Once Interests have, or will have, been held for their complete Lock-Up Period, unless otherwise permitted in the General Partner's sole discretion, such Interests may be withdrawn subject to the other terms generally applicable to withdrawals under the Limited Partnership Agreement.

WITHDRAWALS

Once the Lock-Up Period no longer applies to an Interest, and subject to the potential limitations discussed below and under "Designated Investments", such Limited Partner may, upon written notice to the Administrator (defined below) not less than one hundred twenty (120) days prior to the end of any calendar quarter, or such other time as the General Partner may determine (the "Withdrawal Notice Date"), withdraw all or

any portion of such Interest in its Capital Account, adjusted if necessary for any un-allocated Incentive Allocation, less reserves determined in good faith by the General Partner and less the Limited Partner's share of any accrued, but unpaid, Management Fee and expenses; provided that the aggregate of all withdrawals by Limited Partners in any calendar quarter may not exceed 15% of the Fund's net assets. Such a percentage limit is often referred to as a "Gate". If Limited Partners request withdrawals in any calendar quarter which, in the aggregate, exceed 15% of the Fund's net assets, then each Limited Partner requesting a withdrawal shall be permitted to withdraw a pro-rata portion of its requested withdrawal amount so that the total of all such withdrawals equals 15% of the Fund's net assets.

The minimum withdrawal amount is \$100,000, subject to waiver in the General Partner's discretion. A Limited Partner who elects to withdraw all of his Capital Account will be deemed to have retired as of the effective date of such withdrawal. Permitted withdrawals will be effective immediately following the close of business of the last business day of the quarter, or as otherwise permitted by the General Partner (the "Withdrawal Date"). A notice of withdrawal is irrevocable, except as provided in the sole discretion of the General Partner. Withdrawal requests received after a Withdrawal Notice Date has passed, and withdrawals which are not permitted due to the aggregate 15% gate limitation described above, will be deemed cancelled and must be resubmitted if the Investor continues to desire a withdrawal.

Except as otherwise provided in the Limited Partnership Agreement, payment of ninety percent (90%) of any withdrawal proceeds ordinarily will be effected within thirty (30) business days following the applicable Withdrawal Date in cash or in kind in the discretion of the General Partner, with the balance generally to be paid within sixty (60) days after finalization of the annual audit, subject to reserves and any necessary adjustments. No interest shall be paid for the period between the effective date of withdrawal and any date of payment.

Notwithstanding any other statement herein, the General Partner may limit or prohibit withdrawals, notwithstanding whether or not valuation of the Fund's assets have been suspended, including under extraordinary or emergency circumstances or if, in its discretion, such withdrawals would not be in the best interests of the Partnership or maximize the return available by having to sell an investment to satisfy such withdrawals; in addition to the foregoing reasons, in the General Partner's sole discretion, the Fund may also refuse requests for withdrawals or delay withdrawals or payments if the Master Fund suspends or limits withdrawals with respect to the Fund or if the Fund is not sufficiently liquid, which shall be determined in the sole discretion of the General Partner. In

any of the foregoing circumstances, the Incentive Allocation, if any, and Management Fee will still be applied to the Interests (including based on estimates of the Fund's assets and Capital Account values in the event that withdrawals and/or valuation of the Fund's assets are suspended).

The Fund may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor withdrawals.

The Fund's ability to make redemptions will be in large part dependent upon the Fund receiving redemptions from the Master Fund.

The General Partner may, at its sole discretion, expressly waive any of the foregoing restrictions, including, but not limited to, the Lock-Up Period and 15% "gate".

DESIGNATED INVESTMENTS

The General Partner may designate some or all of the investments held directly or indirectly by the Fund as "Designated Investments" (an accountant sometimes refers to Designated Investments as "side pockets") if such investments are, in the judgment of the General Partner, long-term, illiquid or without a Readily Ascertainable Market Value (defined below). Interests acquired after the Fund's direct or indirect acquisition or designation of a Designated Investment may, in the discretion of the General Partner, not participate in the gain, loss or income of such Designated Investment. The Management Fee and Fund expenses will apply to, and be charged against, the portion of any Limited Partner's Capital Account attributed to a participating interest in a Designated Investment based upon the lower or higher of Book Value or fair value assigned to such participating interest, as determined in the sole discretion of the General Partner (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Incentive Allocation will immediately apply to any Profit allocated to a Capital Account attributable to a Designated Investment. A follow-on investment to a Designated Investment shall be treated as an independent Designated Investment.

In the event that you withdraw all or some of your Interest(s) prior to the sale or other disposition of any Designated Investment(s) in which you participate, unless the General Partner determines otherwise, your economic interest in such Designated Investment(s) may be maintained until the sale or other disposition of the Designated Investment(s) by the Fund. In such event, for so long as the Fund continues to own or hold such Designated Investment(s), you would (a) remain entitled to receive your allocable share of the gains, losses and expenses (i.e. Fund expenses) related thereto but (b) would be a Limited Partner in the Fund only to the extent of your interest in Designated Investments.

In its sole discretion, the General Partner instead may allow or

require a Limited Partner to redeem, in cash or in kind, its participating interest in a Designated Investment. If such a redemption is made, the redeeming Limited Partner will have no further participating interest in such Designated Investment and the General Partner may elect to mark, in its sole discretion, the value of the redeemed interest in such Designated Investment as of the Withdrawal Date at the lower or higher of Book Value or fair value (with an option to mark the value of the redeemed interest in such Designated Investment as of the Withdrawal Date at fair value). In any case, especially if the lower value is used, such redeemed interest may not reflect the full value realizable over time by the Fund from the holding of the Designated Investment.

FEDERAL
INCOME TAXES

For United States federal income tax purposes, it is expected that the Fund will be treated as a partnership and each Limited Partner will be treated as a partner of such partnership. See "Income Tax Treatment of Limited Partners." A partnership is not subject as an entity to Federal income tax. The Fund, however, will file a U.S. federal partnership information return reporting its operations for each calendar year. Each Limited Partner must report on its US. federal income tax return its share of the Fund's income, recognized gains and losses, deductions or credits for the taxable year of the Fund ending within or with its taxable year, whether or not cash or other properties are distributed to such Limited Partner.

The Fund will provide each Limited Partner with a statement of the amounts and types of income, gain, loss, deduction, and credit allocated to it during the Fund's calendar year for use in the preparation of such Limited Partner's tax return as soon as practicable after the end of each calendar year in accordance with federal reporting requirements.

Each Limited Partner will be required to take into account in computing his income tax liability his allocable share of the Fund's income, loss, deductions, credits and items of tax preference for each year or that portion of each year in which he is a Limited Partner without regard to whether any cash distributions from the Fund have been received by the Limited Partner for such year.

Allocations will be made to the Capital Accounts of the Partners in proportion to the respective Capital Accounts of all the Partners, with adjustments described herein. Because a Limited Partner's Capital Account will include unrealized gains and losses, a Limited Partner's gain or loss for income tax purposes may differ from his gain or loss for book purposes.

Limited Partners who are not United States citizens or residents may face withholding tax on certain Fund income and should consult their own legal and tax professionals before investing in the Fund.

The foregoing discussion is merely a summary of tax issues

that an Investor should evaluate when considering an investment in the Fund. Investors are urged to consult their legal and tax advisors before investing in Interests.

IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, WE INFORM YOU THAT ANY TAX ADVICE CONTAINED IN THIS MEMORANDUM (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN BY THE FUND OR ITS COUNSEL TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (I) AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE, OR (II) PROMOTING, MARKETING, OR RECOMMENDING TO ANOTHER PARTY ANY TAX-RELATED MATTER HEREIN.

CONFLICTS OF INTEREST

From time to time, certain potential conflicts of interest between the Fund on the one hand, and the General Partner and its affiliates on the other hand, may arise. See "Conflicts of Interest."

The General Partner and its affiliates may also engage in business activities, other than those of the Fund, whether or not such activities are competitive with the Fund. In some cases, the General Partner may cause the Fund to do business with its affiliates.

The General Partner and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

The Investment Manager and its affiliates may not devote all of their time to the management of the Fund. Effective January 3, 2013, Alan Grayson will hold public office in the U.S. Congress as a Representative from the State of Florida. His role as an active U.S. Congressman will impact the time he is able to devote to the Fund and will subject him to the U.S. STOCK Act, which restricts certain public officials from trading on any non-public information received as a result of such public office; the U.S. STOCK Act's prohibitions may preempt the Fund from pursuing certain profitable investments. Additionally, U.S. Congressmen are subject to certain monthly and annual disclosure requirements with respect to certain of their personal investment holdings; to the extent Alan Grayson makes parallel investments with the Fund, the Fund's investment strategy and positions may be gleaned, in whole or in part, as a result of such disclosures and put the Fund at a competitive disadvantage. Furthermore, notwithstanding the foregoing, there is a risk that Alan Grayson may be required to disclose some or all of the Fund's holdings as well when making such Congressional disclosures; the Fund does not currently intend to make such disclosures unless it is required to by law. If the Fund's holdings are required to be disclosed by law, such disclosures may put the Fund's strategy at a competitive disadvantage. Seeking and/or holding public office

may also create unwarranted attention from the media (whether justified or not), an increased possibility of closing down the Fund, and enhanced scrutiny of the Fund, which may be more prone to examination by regulators and other relevant parties as a result of seeking and/or holding public office.

INDEMNIFICATION

The Fund will indemnify the General Partner, its subsidiaries, affiliates and personnel, and may indemnify service providers against claims, liabilities, costs and expenses, including legal fees, incurred by them by reason of their acts or omissions on behalf of the Fund or its Limited Partners, other than acts of gross negligence, fraud or willful misconduct. These provisions shall not limit, or be deemed to be a waiver of, the rights granted to all investors under the state and federal securities laws.

DISTRIBUTIONS

Distributions, if any, will be made at the discretion of the General Partner. The Fund's ability to pay distributions will be in large part dependent upon the Fund receiving distributions or redemptions from the Master Fund. It is anticipated that the General Partner will reinvest net investment income and net realized investment gains. If, in the sole discretion of the General Partner, a distribution is made, it will generally be made in accordance with the positive balances of the Partners' Capital Accounts as adjusted. However, notwithstanding any other statement herein, the General Partner may make distributions at any time to some or all Limited Partners as determined in its sole discretion (including based on estimated values with respect to Designated Investments or Fund assets generally when it is not reasonable for the Fund to fairly determine the value of the Fund's assets). Distributions will be made in cash or in kind in the discretion of the General Partner. The General Partner may not pay distributions in amounts sufficient to pay current taxes due on such Limited Partner's Interest in the Fund. The General Partner may make distributions to itself from its Capital Account at any time.

PROHIBITIONS ON RESALE

The Interests have not been registered under the 1933 Act or the Company Act and may not be transferred unless so registered or an exemption from registration is available. The Interests are not registered in any jurisdiction outside the U.S. and are not for sale in any country in which such sale is prohibited or requires registration. Investors should consult their own counsel with respect to the laws of their home jurisdiction governing investment in the Fund. Regardless of any exemption from registration that may exist, except as otherwise provided in the Limited Partnership Agreement, the Interests in the Fund may not be sold, transferred, assigned, pledged, or otherwise hypothecated or disposed of, in whole or in part, without the prior written consent of the General Partner, which consent may be withheld in the General Partner's sole discretion, and any attempt to do so shall be null and void.

BROKERAGE

The choice of brokers and dealers employed in connection with the investment and reinvestment of the assets of the Fund is exclusively within the control and discretion of the General Partner. In its selection of brokers and dealers to effect Fund transactions, the General Partner may not necessarily receive best net price and best execution for its transactions. Not requiring the Fund or the General Partner to seek best execution on brokerage commissions may pose conflicts of interest and is unusual relative to the market practices of other similar private investment funds. The General Partner will have no obligation in selecting a broker or dealer to seek competitive bids, the lowest available commission costs, or best execution. The Fund may not be the direct or exclusive beneficiary of any ancillary or related services provided by brokers and another broker or dealer may be willing to charge a lower commission on a particular transaction. The General Partner, on behalf of the Fund, may enter into brokerage arrangements pursuant to which the Fund allocates transactions to a particular broker-dealer in consideration of fees due to the broker-dealer in connection with research or other products or services provided to the Fund. Such services may include the sale of Interests by the broker-dealer. In connection with such arrangements, the Fund may pay a brokerage commission in excess of that which another broker might charge for executing the same transaction. See "BROKERAGE COMMISSIONS; RESEARCH AND OTHER SERVICES."

The foregoing brokerage practices should also be read to apply equally, as relevant, to the Master Fund.

PRIME BROKER AND CUSTODIAN

The General Partner may appoint one or more financial institutions (each a "Prime Broker") as the prime broker for the Fund. To the extent that the Fund does not hire a prime broker, the Fund's executing broker who provides trade execution, which may include clearing and settlement, will act as custodian. ConvergEx Prime Services LLC will serve as the Prime Broker of the Fund's securities. Generally, portfolio transactions for the Fund will be cleared through the brokerage accounts maintained by the Fund with the Prime Broker or such other brokerage firm(s) selected by the General Partner. Unless the Fund hires a separate custodian, any Prime Broker (or its affiliates) generally also will provide or arrange for custody for the assets of the Fund. The Prime Broker will be independent of, and not affiliated with, the Fund, or the General Partner or their respective principals. Any other brokerage firms retained by the General Partner for the Fund may contract with the Fund and the Prime Broker to act as sub-custodians in respect of all Fund assets held by or to the order of each such broker and thereby assume sole responsibility for such assets. The Prime Broker will act pursuant to its standard form agreements relating to the operation of brokerage accounts (the "Brokerage Agreement") entered into between the Fund and the Prime Broker. The

Prime Broker will not be responsible for the custody of any Fund assets that have been transferred to an authorized transferee, such as a broker where the Fund maintains its trading accounts.

From time to time, certain conflicts of interest between the Fund on one hand, and the Prime Broker and its affiliates on the other hand, may arise. The Prime Broker and its affiliates may also engage in business activities, other than those of the Fund, whether or not such activities are competitive with the Fund. Furthermore, the Prime Broker and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

REPORTS

Annual audited financial statements and unaudited monthly account statements will be sent to Limited Partners. Notwithstanding any other statement herein, the Fund's first audit will not be provided until after December 31, 2012 and will include the relevant portion of the Fund's fiscal calendar year for 2011 and all of the Fund's fiscal calendar year for 2012.

FISCAL YEAR END

The Fund has a fiscal year ending on December 31 in each year.

VALUATION OF FUND ASSETS

The Fund's liquid assets, as determined in the sole discretion of the General Partner, will be valued monthly, or more frequently if there are permitted mid-month investments or withdrawals. For liquid assets (i.e. securities with readily available market quotations), valuations will generally be based upon the closing price or final bid price for a security held long and asked price for a short position on the applicable exchange or market as of the close of business. For purposes of the Fund's annually audited financial statements, the General Partner or its delegate will try to determine the fair value of any illiquid assets of the Fund (i.e. securities without readily available market values, including, but not limited to, any Designated Investments) at least annually. However, for purposes of the accounting of the Fund's Capital Accounts, the Fund may carry illiquid assets at the lower or higher of Book Value or fair value, as determined in the sole discretion of the General Partner (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards.

The General Partner, or its delegate, may further adopt, in connection with the foregoing, valuation methods and procedures or override valuations provided by methods described above when it deems such prices unreliable.

The value of the Fund's assets will generally equal the value of the Fund's pro-rata interest in the Master Fund's assets reduced by the applicable Fund and Master Fund level fees and expenses. Accordingly, the foregoing valuation practices

should be read to apply equally to the Master Fund's assets.

COUNSEL

Holland & Knight LLP and Maples & Calder act as counsel to the Fund, Master Fund, General Partner, and/or Investment Manager. Holland and Knight LLP and Maples & Calder do not represent the Investors as investors in the Fund. Holland & Knight LLP and Maples & Calder's representation has been limited to specific matters addressed to them. No Investor shall assume that Holland & Knight LLP and Maples & Calder have undertaken an evaluation of the merits of an investment in the Fund or Master Fund. The Fund, General Partner, Master Fund, and/or Investment Manager are represented by the same legal counsel and accountants which may pose conflicts of interest. See "LEGAL MATTERS".

INVESTMENT OBJECTIVES AND POLICIES

Note: All trading activity is currently expected to take place at the Master Fund rather than Fund level.

The Fund's investment objective, under normal market conditions, is to seek capital appreciation by investing and/or trading in securities. The Fund currently intends, but is not required, to accomplish its investment objective by investing and/or trading in both U.S. and non-U.S. securities. See "Certain Risks of Foreign Securities" below under "CERTAIN RISK FACTORS". The Fund is also currently expected to take material long and/or short positions in one or more Securities; accordingly, all or a substantial portion of the Fund's assets may be invested in long or short positions at any given time as determined in the sole discretion of the Investment Manager. See also "Other Business Risks - Short Selling" below under "CERTAIN RISK FACTORS". However, notwithstanding the foregoing, the Investment Manager retains broad investment flexibility. Accordingly, the Fund may invest and/or trade, on margin and otherwise, directly or indirectly, long and short, in public and private investments or securities, whether U.S. or non-U.S. issued, including without limitation, equities, common stock, preferred stock, convertible securities and debentures, exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), "new issues" (i.e. initial public offerings), restricted securities, private placements, illiquid securities, mezzanine and hybrid securities, American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), Global Depositary Receipts ("GDRs"), Holding Company Depositary Receipts ("HOLDRs"), New York Registered Shares ("NYRs"), American Depositary Shares ("ADSs"), options (including, but not limited to, purchasing put and call options and writing put and call options), swaps, warrants, rights, caps, floors, collars, commodities (including any futures and options on futures), currencies and spot contracts, forward contracts on currencies and commodities, repurchase agreements, reverse repurchase agreements, other funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with the General Partner), collateralized debt obligations ("CDOs") (which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), collateralized commodity obligations ("CCOs") and other similarly structured securities), asset backed securities, mortgage backed securities, real estate securities, direct or indirect investments in real estate, mortgage dollar rolls, guaranteed investment contracts ("GICs"), funding agreements, fixed-income securities, corporate bonds and notes, high yield fixed income securities and junk bonds, municipal obligations, U.S. government agency obligations, U.S. government securities, U.S. Treasury obligations, inflation-indexed bonds, auction rate certificates or securities ("ARS"), pay-in-kind securities, receipts, senior loans, structured notes, step coupon bonds ("STEPS"), tender option bonds, variable and floating rate instruments, zero coupon bonds, commercial paper and other cash equivalents, bank obligations, banker acceptances, certificates of deposit, demand instruments, time deposits, and other instruments and investments, in each case of every kind and character, whether or not commonly defined or registered as a "security" (collectively "**Securities**"), and may lend funds or assets and borrow money, with and without collateral. The Fund will not be subject to specific percentage limitations with respect to any style, country, region, Security, issuer, or industry. Accordingly, the Fund may, from time to time, invest and/or trade, on margin and otherwise, long and short, a substantial portion of the Fund's assets into any one of the Securities described herein, or any single issuer thereof. Furthermore, there is no limit as to the percentage of an issuer's Securities that the Fund may own. Positions in Securities may be held for very short periods, even as little as a portion of one day. Any such turnover may increase transaction costs and lead to realization of taxable gain. In addition, the Fund may from time to time, for temporary or defensive or other purposes, invest up to 100% of its assets directly or indirectly in cash, cash equivalents, bank deposits, and/or similar instruments, including short-term high quality obligations of corporate issuers or the United States or other Government (including any agencies or instrumentalities thereof).

Notwithstanding the foregoing, the General Partner retains broad investment discretion and may change the foregoing practices and policies at any time without notice to Limited Partners.

There can be no assurance that the Fund will achieve its investment objectives. The Fund is not managed to provide tax benefits to investors.

LEVERAGE AND DERIVATIVES

The Fund reserves the right to borrow money, utilize margin, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements, forward contracts, and other derivative instruments) for any purpose, including, but not limited to: (1) leveraging Fund assets for any purpose, including, but not limited to, enhancing the Fund's returns, if any; (2) seeking to hedge the Fund's investments and/or other assets; and (3) making speculative investments. As a result of any such leverage, the Fund may generate unrelated business taxable income. Accordingly, Interests may not be suitable for charitable remainder trusts and tax-exempt entities, including benefit plan investors. The use of leverage entails substantial risks. See "Leverage; Interest Rates; Margin" under "CERTAIN RISK FACTORS".

DESCRIPTION OF PORTFOLIO SECURITIES

The Fund may invest directly or indirectly in investments of all types, including one or more of the following instruments. The Fund may choose to invest anywhere from 0 to 100% of its assets directly or indirectly in any single type of instrument or issuer thereof.

Note: the following description of portfolio securities should also be read to apply equally, where relevant, to the Master Fund.

Foreign Securities. The Fund may, and currently intends to, substantially invest, without limitation, in securities of issuers domiciled outside of the United States or that are denominated in various foreign currencies and multination and multinational foreign currency units. Investing in securities of foreign entities and securities denominated in foreign currencies involves certain risks not involved in domestic investments, including, but not limited to fluctuations in foreign exchange rates, future foreign political and economic developments, different legal systems and the possible imposition of exchange controls for other foreign governmental laws or restrictions. See "Certain Risks of Foreign Securities" below under "CERTAIN RISK FACTORS".

Depository Receipts and New York Registered Shares. Depository receipts are instruments generally issued by domestic banks or trust companies that represent the deposits of a security of a foreign issuer. Generally, investors may pay a fee to convert depository receipts to the home-market shares. To the extent the Fund may invest in foreign securities (see below), it may purchase American Depository Receipts ("ADRs"), European Depository Receipts ("EDRs"), Global Depository Receipts ("GDRs"), Holding Company Depository Receipts ("HOLDRS"), New York Registered Shares ("NYRS") or American Depository Shares ("ADSs"). ADRs are traded in U.S. dollars on U.S. exchanges or over-the-counter, are typically issued by a U.S. bank or trust company, and evidence ownership of underlying foreign securities. Certain institutions issuing ADRs may not be sponsored by the issuer. A non-sponsored depository may not provide the same shareholder information that a sponsored depository is required to provide under its contractual arrangements with the issuer. EDRs are issued by European financial institutions and typically trade in Europe and GDRs are issued by European financial institutions and typically trade in both Europe and the United States. HOLDRS trade on the American Stock Exchange and are fixed baskets of U.S. or foreign stocks that give an investor an ownership interest in each of the underlying stocks. NYRS, also known as Guilder Shares since most of the issuing companies are Dutch, are dollar-denominated certificates issued by foreign companies specifically for the U.S. market. ADSs are shares issued under a deposit agreement that represents an underlying security in the issuer's home country. (An ADS is the actual share trading, while an ADR represents a bundle of ADSs.) Investments in these types of securities involve similar risks to investments in foreign securities.

Generally, foreign security depositary receipts in registered form are designed for use in the U.S. securities market and foreign security depositary receipts in bearer form are designed for use in securities markets outside the United States. Depositary receipts in which the Fund may invest are typically denominated in U.S. dollars, but may be denominated in other currencies. Depositary receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities traded in the form of depositary receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the depositary receipts. Depositary receipts evidencing ownership of a foreign corporation also involve the risks of other investments in foreign securities.

Unlike depositary receipts of foreign companies, NYRs are not receipts backed by the home market security, but represent dollar-denominated direct claims on the issuing company's capital. Investment in NYRs, therefore, involves similar risks to investing directly in other types of foreign securities. Like depositary receipts, however, investors may pay a fee to convert to the home-market shares.

Common Stocks and Equivalents. The Fund may invest in common stocks. Common stocks may include issues listed on a national securities exchange or traded in the over-the-counter market or issues that are unlisted, or listed but thinly traded. Securities similar to or convertible into or exercisable for common stocks may include convertible debt securities (such as bonds, debentures and notes), preferred stocks, options, warrants and rights. In certain instances, a security of one issuer may be convertible into or exercisable or exchangeable for securities of a different issuer. Although certain securities in which the Fund may invest may be issued by blue-chip issuers, others may be issued by less recognized and smaller companies.

Leverage and Short Sales. The Fund may use leverage and may enter into short sales of securities in executing its investment strategy. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested ("leverage"), magnifies both the favorable and unfavorable effects of price movements in the investments made by the Fund. The Fund may borrow funds, engage in short sales, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements and reverse repurchase agreements, forward contracts and any other derivative instruments) for any purpose, including, but not limited to, enhancing returns, meeting operating expenses and withdrawal requests while maintaining investment capacity, and increasing the amount of capital available for securities investments. The Fund may be exposed to additional borrowings and leverage through its investment, if any, in other funds.

Short sales are transactions in which the Fund sells securities it borrows in anticipation of a decline in the market price of such securities. A short sale results in a gain when the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss when the price of the security sold short increases. Any gain is decreased, and any loss is increased, by the amount of any transaction costs that the Fund incurs with respect to the borrowed securities. In the sole discretion of the General Partner, the Fund may make short sales of securities which it deems to be relatively overpriced.

The Limited Partnership Agreement does not restrict the extent to which the Fund may engage in leverage and short sales. Leverage and short sales present special risks. See "Certain Risk Factors."

Short Sales "Against the Box". These are short sales of securities that the Fund owns or has the right to obtain (equivalent in kind or amount to the securities sold short). If the Fund enters into a short sale against the

box, it will be required to set aside securities equivalent in kind and amount to the securities sold short (or securities convertible or exchangeable into such securities) and will be required to hold such securities while the short sale is outstanding. The Fund will incur transaction costs, including interest expenses, in connection with opening, maintaining, and closing short sales against the box.

Options. The Fund is authorized to use portfolio management techniques employing options on individual Securities, stock indexes, commodities, and any other instruments in the sole discretion of the General Partner. See "Commodities" below. These techniques may include the purchase or sale (write) of call and put options. These options are expected to be used for either risk control or return enhancement purposes including but not limited to where, in the judgment of the General Partner, operational constraints make it difficult or not cost effective to assemble individual security positions in the cash markets. These options may, but need not, be listed on exchanges or traded in established over-the-counter markets. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the purchaser or writer greater flexibility to tailor an option to its needs, OTC options generally are less liquid and involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded. See "Certain Risk Factors - Derivatives."

Purchasing Put and Call Options. By purchasing a put option, the purchaser obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the purchaser pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities, indices of securities prices, and futures contracts. The purchaser may terminate its position in a put option by allowing it to expire or by exercising the option. If the option is allowed to expire, the purchaser will lose the entire premium. If the option is exercised, the purchaser completes the sale of the underlying instrument at the strike price. A purchaser may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option might realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer could suffer a loss (limited to the amount of the premium, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer could suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

Writing Put and Call Options. The writer of a put or call option takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the writer of a put option assumes the obligation to pay the strike price for the option's underlying instrument if the other party to the option chooses to exercise it. The writer may seek to terminate a position in a put option before exercise by closing out the option in the secondary market at its current price. If the secondary market is not liquid for a put option, however, the writer must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes.

If security prices rise, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer could suffer a loss. This loss should be less than the loss from purchasing the underlying instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates the writer to sell or deliver the option's underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

Combined Positions. The Fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of the overall position. For example, purchasing a put option and writing a call option on the same underlying instrument would construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

Commodities. The Fund may buy and sell commodities (e.g. futures contracts and options on futures contracts).

Futures Contracts. In purchasing a futures contract, the buyer agrees to purchase a specified underlying instrument at a specified future date. In selling a futures contract, the seller agrees to sell a specified underlying instrument at a specified future date. The price at which the purchase and sale will take place is fixed when the buyer and seller enter into the contract. Some currently available futures contracts are based on specific securities, such as U.S. Treasury bonds or notes, and some are based on indices of securities prices, such as the Standard & Poor's 500SM Index (S&P 500®). Certain futures can be held until their delivery dates, or can be closed out before then if a liquid secondary market is available. The value of a futures contract tends to increase and decrease in tandem with the value of its underlying instrument. Therefore, purchasing futures contracts will tend to increase the Fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When the Fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market. Selling futures contracts, therefore, will tend to offset both positive and negative market price changes, much as if the underlying instrument had been sold.

Unlike the purchase or sale of portfolio securities, no price is paid or received by the Fund upon the purchase or sale of a futures contract. Initially, the Fund will be required to deposit with the broker an amount of cash or cash equivalents, known as initial margin, based on the value of the contract. The nature of initial margin in futures transactions is different from that of margin in securities transactions in that futures contract margin does not involve the borrowing of funds by the customer to finance the transactions. Rather, the initial margin is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied. Subsequent payments, called variation margin, to and from the broker, will be made on a daily basis as the price of the underlying instruments fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking to the market." For example, when a particular Fund has purchased a futures contract and the price of the contract has risen in response to a rise in the price of the underlying instruments, that position will have increased in value and the Fund will be entitled to receive from the broker a variation margin payment equal to that increase in value. Conversely, where the Fund has purchased a futures contract and the price of the futures contract has declined in response to a decrease in the underlying instruments, the position would be less valuable and the Fund would be required to make a variation margin payment to the broker. At any time prior to expiration of the futures contract, the Advisor may elect to close the position by taking an opposite position, subject to the availability of a secondary market, which will operate to terminate the Fund's position in the futures contract. A final determination of variation margin is

then made, additional cash is required to be paid by or released to the Fund, and the Fund realizes a loss or gain.

Options on Futures Contracts. The Fund may purchase and write options on the futures contracts. A futures option gives the holder, in return for the premium paid, the right to buy from (call) or sell to (put) the writer of the option a futures contract at a specified price at any time during the period of the option. Upon exercise, the writer of the option is obligated to pay the difference between the cash value of the futures contract and the exercise price. Like the buyer or seller of a futures contract, the holder, or writer, of an option has the right to terminate its position prior to the scheduled expiration of the option by selling or purchasing an option of the same series, at which time the person entering into the closing transaction will realize a gain or loss. The Fund will be required to deposit initial margin and variation margin with respect to put and call options on futures contracts written by it pursuant to requirements similar to those described above under "Futures Contracts". Net option premiums received will be included as initial margin deposits.

Limitations on Commodity Transactions. The General Partner is not registered as a "commodity pool operator" with the Commodity Futures Trading Commission ("CFTC") and currently does not intend to become so registered. As a result, the Fund will employ derivative instruments, such as futures trading contracts and options thereon, only to the extent consistent with the General Partner's registration exemptions under the Commodity Exchange Act. The General Partner is currently exempt because, inter alia, no more than 100% or 5% of the Fund's assets' liquidation value will be allocated to net notional value or initial margin and premiums, respectively, of commodities. With respect to the Fund's indirect investments in commodities through its investments in other funds, if any, the Fund may satisfy the percentage limitations in the preceding sentence by allocating no more than 50% of the Fund's assets to other funds that trade commodity interests (without regard to the level of commodity interest trading engaged in by such other funds).

New Issues. The Fund may, from time to time, invest in "new issues" (basically, shares of U.S. initial public offerings or "IPOs".) In such circumstances, to the extent required by the Conduct Rules of the U.S. Financial Industry Regulatory Authority, Inc. ("FINRA"), as amended from time to time, the securities comprising any "new issue" will be allocated to the extent required by law so that the shares of any new issue, and any profits and losses thereon, may only be held by Investors whose beneficial owners are not restricted persons, as set forth in such Conduct Rules, including, but not limited to, Rules 5130 and 5131. Investors will be required to specify in the Subscription Agreement whether they are "Restricted Persons" and "Restricted Investors", but the General Partner's determination as to whether an Investor is a "Restricted Person" or "Restricted Investor" will be conclusive. Accordingly, a potentially small number of Investors who are not Restricted Persons or Restricted Investors may be allocated the entire risk and return of any new issues. The General Partner may determine not to purchase "new" issues in its sole discretion.

Currency Transactions. The Fund may conduct foreign currency transactions on a spot (i.e., cash) or forward basis (i.e., by entering into forward contracts to purchase or sell foreign currencies). In the event these instruments are used, the Fund may take long or short foreign exchange positions to reflect the foreign exchange element of the underlying local currency cash position of the derivative or cash instrument. Although foreign exchange dealers generally do not charge a fee for such conversions, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency at one rate, while offering a lesser rate of exchange should the counterparty desire to resell that currency to the dealer. Forward contracts are customized transactions that require a specific amount of a currency to be delivered at a specific exchange rate on a specific date or range of dates in the future. Forward contracts are generally traded in an interbank market directly between currency traders (usually large commercial banks) and their customers. The parties to a forward contract may agree to offset or terminate the contract before its maturity, or may hold the contract to maturity and complete the contemplated currency exchange. The Fund may conduct foreign currency transactions on a spot or forward basis for any reason, including, but not limited to, hedging and speculative purposes.

The Fund may also use swap agreements, indexed securities, and options and futures contracts relating to foreign currencies for the same purposes. Currency futures contracts are similar to forward currency exchange contracts, except that they are traded on exchanges (and have margin requirements) and are standardized as to contract size and delivery date. Most currency futures contracts call for payment or delivery in U.S. dollars. The underlying instrument of a currency option may be a foreign currency, which generally is purchased or delivered in exchange for U.S. dollars, or may be a futures contract. The purchaser of a currency call obtains the right to purchase the underlying currency, and the purchaser of a currency put obtains the right to sell the underlying currency.

Illiquid Securities. Some of the securities in which the Fund may invest may be illiquid in that the Fund may not be able to dispose of them for a sales price generally reflecting what the Fund believes them to be worth.

Convertible Securities. The Fund may invest in convertible securities. Convertible securities are bonds, corporate notes, debentures, preferred stocks and other securities that are exchangeable or "convertible" for equity securities of foreign and domestic companies within a particular time period at a specified formula or price. Companies issue convertible securities that allow the holders to convert their securities to a predetermined amount of equity securities at a discount to the market price at the time of conversion. Convertible securities have several defining characteristics: (1) capital appreciation if the value of the underlying equity security increases; (2) a relatively high yield received from preferred dividend or interest payments as compared to common stock dividends; and (3) a decreased risk of decline in value relative to common stock due to the fixed income nature of certain convertible securities.

Fixed Income Securities. From time to time, the Fund may take long and/or short positions in foreign or U.S. corporate, government or agency bonds and notes and other similar instruments of various maturities, credit quality, and rating (if any) including to hedge long or short equity positions, to capitalize on a change in the direction of interest rates, to achieve maximum income or to increase or decrease overall financial leverage and portfolio volatility.

Arbitrage. The Fund may engage in arbitrage trades which profit from differences in price when the same or similar security is traded on two or more markets. For example, deal arbitrage trades may be made after the announcement of a merger of two public companies. Arbitrage may also be used on both the long and short side of the investment equation with respect to the securities of the same issuer.

Dividend Capture. The Fund may from time to time utilize a method of buying common or preferred stock so as to collect an entire quarterly dividend while holding the stock for a relatively short period of time. This entails purchasing shares before the stock's ex-dividend date and holding the shares for a short period of time, thereby potentially increasing the annualized return on investment.

Exchange Traded Funds (ETFs). While actively managed ETFs are growing in number, ETFs, like index funds, typically represent shares of ownership in funds, unit investment trusts, or depository receipts that hold set portfolios of Securities which may track the performance and dividend yield of specific indices (i.e. broad market indices, sector indices, international indices...etc.) without being actively managed. ETFs give investors the opportunity to buy or sell an entire portfolio of stocks in a single security. Unlike traditional mutual and index funds, ETFs sometimes issue and redeem shares only in large increments called "Creation Units" (e.g. a single Creation Unit may consist of 50,000 or 100,000 shares worth several million dollars). Purchases of Creation Units are made by tendering a basket of designated stocks to an ETF and redemption proceeds are paid with a basket of securities from an ETF's portfolio. These are called "in-kind" transactions. ETFs calculate their share's value ("NAV") once a day in the same fashion as traditional mutual and index funds. An ETF's shares can also be purchased and sold in much smaller increments and for cash in the secondary market. Because ETFs trade like stock (unlike traditional mutual and index funds), the Fund can margin, utilize hedging strategies on, and sell short ETFs in addition to simply buying ETFs long. These transactions, however, are not made at the ETF's NAV, but rather are made at market prices which may vary throughout the day and

may differ from the ETF's NAV. Like any listed security, ETF shares can generally be purchased and sold at any time a secondary market is open. *Except when aggregated in Creation Units, shares of an ETF are not redeemable securities. Accordingly, there is no guarantee that ETF shares will trade at or near NAV (see "CERTAIN RISK FACTORS").*

The Fund may incur certain fees charged directly by an ETF when purchasing, holding, or selling Creation Units of an ETF ("Creation Unit Fees"). The Fund may also be subject to an expense fee that is typically based upon a small percentage of an ETF's NAV accrued daily ("ETF Expense Fee"). If the Fund purchases shares of an ETF in the secondary market, it will generally not be subject to Creation Unit Fees, but will be subject to ETF Expense Fees. As a result of Creation Unit Fees and ETF Expense Fees, Investors in the Fund may bear an additional level of fees in addition to those fees charged by the Fund (i.e. the Management and any Incentive Allocation) if the Fund invests and/or trades ETFs. Furthermore, brokerage commissions accumulated by the Fund in trading and/or investing in ETF shares may reduce the Fund's profits, if any.

Exchange Traded Notes ("ETNs"). ETNs are unsecured obligations (i.e. they are not secured debt) of issuers that trade on exchanges. They are designed to provide investors a return that is linked to the performance of a market index, minus investor fees. With ETNs, investors are subject to credit risk from the issuer and are essentially getting a promise from the issuer to pay the index return plus any accrued interest at maturity. On the other hand, ETF investors are buying a piece of a basket of securities, which secures their investment. Both ETFs and ETNs can be sold short. ETNs can typically be liquidated in one of three ways: (1) sell in the secondary market during trading hours; (2) redeem a large block of securities, typically 50,000 securities directly to the issuer, who may charge redemption fees; and (3) hold until maturity and receive a cash payment from the issuer generally equal to the principal amount of the units times the index factor on the final valuation date, less the investor fee on the final valuation date. ETNs generally do not make interest or dividend payments to investors thereof. ETNs do not offer principal protection and the value of the ETNs may go up or down, depending on the performance of the underlying index. ETNs are not equities or index funds; they are debt securities and grantor trusts without voting rights and are generally registered under the Securities Act and not the Company Act. Since ETNs are not registered investment companies, daily net asset values are not calculated for ETNs; instead, an intraday "indicative value" meant to approximate the intrinsic economic value of each ETN is generally calculated and published by Bloomberg or a similar entity. See "Certain Risks of Exchange Traded Notes" under "CERTAIN RISK FACTORS".

Other Funds and Managers. The Fund may invest in discretionary accounts managed by other money managers, hire subadvisers to manage portions of the Fund at Fund expense, and invest in other funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with the General Partner) (collectively, "Other Funds and Managers"). These Other Funds and Managers will charge their own management and other fees, so that if the Fund invests in them, an Investor will bear an additional level of fees and expenses. Some of these funds may pay fees to the General Partner or its affiliates. Also, U.S. mutual funds generally must distribute all gains, including to investors who may not have an economic gain, which can lead to negative tax effects on Investors, particularly non-U.S. persons. The Fund may also invest in unit investment trusts or other similar vehicles designed to track the performance of a specific index or sector. The Fund may hire sub-advisors to manage portions of the Fund at Fund expense.

Collateralized Debt Obligations. The Fund may invest in collateralized debt obligations ("CDO"), which include collateralized bond obligations ("CBO"), collateralized loan obligations ("CLO"), collateralized commodity obligations ("CCO") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent

unrated loans. A CCO is a type of synthetic CDO comprised of a portfolio of commodity trigger swaps that reference a basket of commodity products.

For many CDOs, the cash flows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the "equity" tranche which bears the bulk of defaults from the bonds or loans in the trust and serves to protect the other, more senior tranches from default in all but the more severe circumstances. Since it is partially protected from defaults, a senior tranche from a CDO trust typically has higher ratings and lower yields than its underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, CDO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults, as well as aversion to CDO securities as a class.

Asset-Backed Securities. The Fund may purchase asset-backed securities (i.e., securities backed by mortgages, installment sales contracts, credit card receivables or other assets). The average life of asset-backed securities varies with the maturities of the underlying instruments. The average life of an asset-backed instrument is likely to be substantially less than the original maturity of the asset pools underlying the securities as the result of unscheduled principal payments and prepayments. The rate of such prepayments, and hence the life of the securities, will be primarily a function of current interest rates and current conditions in the relevant markets. Because of these and other reasons, an asset-backed security's total return may be difficult to predict precisely.

Mortgage-Backed Securities. The Fund may invest in mortgages and mortgage pass-through certificates and multiple-class pass-through securities, such as fixed and adjustable rate mortgage securities, whole loan-based mortgage securities, real estate mortgage investment conduits, mortgage-backed derivatives, including, without limitation, stripped mortgage backed securities, adjustable rate mortgage-backed securities and inverse floating rate mortgage-backed securities, pass-through certificates and collateralized mortgage obligations (collectively, "Mortgage-Backed Securities"). Investing in Mortgage-Backed Securities involves certain risks, including adverse interest rate changes and the effects of prepayments on mortgage cash flows. Further, the yield characteristics of Mortgage-Backed Securities differ from those of traditional fixed income securities. The major differences typically include more frequent interest and principal payments (usually monthly), the adjustability of interest rates, and the possibility that prepayments of principal may be made substantially earlier than their final distribution dates or, conversely, that prepayments of principal may be slower than expected, extending the duration of the mortgage-backed security.

Mortgage Dollar Rolls. In a mortgage dollar roll transaction, the Fund sells a mortgage-related security, such as a security issued by a GNMA (as defined below), to a dealer and simultaneously agrees to repurchase a similar security (but not the same security) in the future at a pre-determined price. A dollar roll can be viewed, like a reverse repurchase agreement, as a collateralized borrowing in which the Fund pledges a mortgage-related security to a dealer to obtain cash. Unlike in the case of reverse repurchase agreements, the dealer with which the Fund enters into a dollar roll transaction is not obligated to return the same securities as those originally sold by the Fund, but only securities which are similar.

The Fund's obligations under a dollar roll agreement must be covered by designating, or "segregating," on its records cash or liquid assets equal in value to the securities subject to repurchase by the Fund. Furthermore, because dollar roll transactions may be for terms ranging between one and six months, dollar roll transactions may be deemed illiquid.

Unregistered Securities. Investments may include securities which have not been registered under the 1933 Act or the blue sky laws of any state, or for which there is no active trading market.

Private Placements, Venture Capital and Other Similar Investments. The Fund may from time to time invest its assets in unregistered securities of public companies and in the securities of private companies

for which no or a limited market exists and/or which are restricted as to their transferability under federal or state securities laws.

Companies With Limited Operating Histories. The Fund may invest in securities of companies which have limited operating histories or that may not be profitable. The investments in such companies offer opportunities for capital gains, but entail significant risks including, but not limited to, the volatility of the securities related to such companies and the viability of the firms' operations.

Control Positions. The Fund may acquire, either alone or with one or more other persons or entities, a large enough percentage of the outstanding stock of a publicly owned company that it would be deemed to have a "control" position under the Securities Exchange Act of 1934 (the "Exchange Act"). In such an event the Fund would be subject to certain reporting and disclosure obligations under the Exchange Act, or resale restrictions, and its position may increase the likelihood of the Fund becoming involved in litigation concerning its holdings in such a company.

Guaranteed Investment Contracts and Funding Agreements. The Fund may invest in guaranteed investment contracts ("GICs") or funding agreements ("Funding Agreements") issued by U.S. insurance companies. GICs and Funding Agreements are normally general obligations of the issuing insurance company. In some cases Funding Agreements may be part of an insurance company's separate account, but they still benefit from a guarantee from the general account. Pursuant to a GIC or a Funding Agreement, the Fund makes cash contributions to a deposit fund of the insurance company's general account. The insurance company then credits the Fund on a periodic basis with interest that is based on an index. Generally, GICs and Funding Agreements are not assignable or transferable without the permission of the issuing insurance company, and an active secondary market in GICs and Funding Agreements does not currently exist. Therefore, GICs and Funding Agreements will normally be considered illiquid investments.

Direct and Indirect Investments in Real Estate. The Fund may buy real estate-related securities, including REITs, and direct leasehold or ownership interests in existing or newly constructed, income or non-income producing properties, including single-family residential, multi-family residential, condominium, office, industrial and retail properties. The Fund may invest in real estate development projects or undeveloped land.

Warrants. The Fund may invest in warrants, including warrants acquired together with or attached to other securities. Warrants are pure speculation in that they have no voting rights, pay no dividends and have no rights with respect to the assets of the corporation issuing them. Warrants basically are options to purchase equity securities at a specific price valid for a specific period of time. Warrants unexercised at their expiration date become void and of no value.

Interest Rate Swaps, Caps, Floors and Collars. The Fund may enter into interest rate swap transactions or purchase or sell interest rate caps, floors or collars in order to obtain the desired exposure to a particular interest rate sector, for the purpose of profiting from interest rate differentials or to protect the value of the Fund's portfolio from interest rate fluctuations. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to make or receive interest payments (e.g., an exchange of floating rate payments for fixed rate payments). On each payment date under an interest rate swap, the parties net payments owed by each party, and only the net amount is paid by one party to the other. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate floor. A collar is a combination of a cap and a floor, which preserves a certain return within a predetermined range of values.

Repurchase Agreements. The Fund may invest in repurchase agreements, which are agreements pursuant to which securities are acquired by the Fund from a third party with the understanding that they will be repurchased by the seller at a fixed price on an agreed date. When the Fund enters into a repurchase agreement, the seller will generally be required to maintain the value of the securities and other collateral subject to the repurchase agreement, marked to market daily, at not less than an agreed amount. The Fund's custodian or other agent will have custody of securities acquired by the Fund under a repurchase agreement. These agreements will generally be limited to terms of less than one year and collateralized by government or emerging markets securities. Repurchase agreements may be entered into in conjunction with simultaneous reverse repurchase agreements involving the same securities pursuant to which the Fund obtains part or all of the funds to pay the purchase price under the repurchase agreement.

Reverse Repurchase Agreements. In a reverse repurchase agreement, the Fund sells a security to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase that security at an agreed-upon price and time. The Fund will seek to enter into reverse repurchase agreements with parties whose creditworthiness has been reviewed and found satisfactory by the General Partner. Such transactions may increase fluctuations in the market value of the Fund's assets and may be viewed as a form of leverage.

Securities Lending. The Fund may lend securities to parties such as broker-dealers or other institutions. Securities lending allows the Fund to retain ownership of the securities loaned and, at the same time, earn additional income. The borrower provides the Fund with collateral in an amount at least equal to the value of the securities loaned. The Fund may seek to maintain the ability to obtain the right to vote or consent on proxy proposals involving material events affecting securities loaned. See "Securities Lending Risks" under "CERTAIN RISK FACTORS".

Corporate Bonds. Corporations issue bonds and notes to raise money for working capital or for capital expenditures such as plant construction, equipment purchases and expansion. In return for the money loaned to the corporation by bondholders, the corporation promises to pay bondholders interest, and repay the principal amount of the bond or note.

High Yield Fixed Income Securities; Junk Bonds. Junk bonds generally have more credit risk than higher-rated securities. Companies issuing high yield, fixed income securities typically are not as strong financially as those issuing securities with higher credit ratings.

Municipal Obligations. The Fund may invest in municipal obligations. Municipal obligations are issued by or on behalf of states, territories and possessions of the United States and their political subdivisions, agencies and instrumentalities to obtain funds for various public purposes. The interest on most of these obligations is generally exempt from regular U.S. federal income tax in the hands of most individual investors, although it may be subject to the individual and corporate alternative minimum tax. The two principal classifications of municipal obligations are "notes" and "bonds". Municipal notes are generally used to provide for short-term capital needs and generally have maturities of one year or less while municipal bonds are generally used to meet longer term capital needs and generally have maturities of more than one year when issued.

U.S. Government Agency Obligations. Certain Federal agencies such as the Government National Mortgage Association ("GNMA") have been established as instrumentalities of the United States Government to supervise and finance certain types of activities. Securities issued by these agencies, while not direct obligations of the United States Government, are either backed by the full faith and credit of the United States (e.g., GNMA securities) or supported by the issuing agencies' right to borrow from the Treasury. The securities issued by other agencies are supported only by the credit of the instrumentality.

Federal National Mortgage Association ("FNMA") is a government-sponsored enterprise ("GSE") of the U.S. federal government, which, in September of 2008, was placed into the conservatorship of the

Federal Housing Finance Agency whereby, among other things, new common stock in FNMA was issued to the U.S. federal government. FNMA is regulated by the Secretary of Housing and Urban development. FNMA purchases conventional mortgages from a list of approved sellers and service providers, including state and federally-chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Securities issued by FNMA are agency securities, which means FNMA, but not the U.S. government, guarantees their timely payment of principal and interest.

Federal Home Loan Mortgage Corporation ("FHLMC") is a GSE of the U.S. federal government, which, in September of 2008, was placed into the conservatorship of the Federal Housing Finance Agency whereby, among other things, new common stock in FHLMC was issued to the U.S. federal government. Congress created FHLMC in 1970 to increase the availability of mortgage credit for residential housing. FHLMC issues Participation Certificates (PCs) which represent interests in conventional mortgages. Like FNMA, FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. government.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") required the U.S. Department of the Treasury to report its recommendations regarding options for ending the conservatorship of the GSEs. This report was released on February 11, 2011. While the report does not provide any definitive timeline for reform, it does recommend using a combination of federal housing policy changes to wind down the GSEs, shrink the government's footprint in housing finance, and help bring private capital back to the mortgage market. It is uncertain what role the GSEs may play in the housing finance system in the future. It is difficult to estimate when Congressional action would be final and how long any associated phase-in period may last.

U.S. Government Securities. Bills, notes and bonds issued by the U.S. Government and backed by the full faith and credit of the United States.

U.S. Treasury Obligations. Bills, notes and bonds issued by the U.S. Treasury, and separately traded interest and principal component parts of such obligations that are transferable through the Federal book-entry system known as Separately Traded Registered Interest and Principal Securities ("STRIPS"). Under the STRIPS program, the Fund will be able to have its beneficial ownership of securities recorded directly in the book-entry record-keeping system in lieu of having to hold certificates or other evidences of ownership of the underlying U.S. Treasury securities. When U.S. Treasury obligations have been stripped of their unmatured interest coupons by the holder, the stripped coupons are sold separately or grouped with other coupons with like maturity dates and sold in such bundled form. The principal or corpus is sold at a deep discount because the buyer receives only the right to receive a future fixed payment on the security and does not receive any rights to periodic interest (cash) payments. Purchasers of stripped obligations acquire, in effect, discount obligations that are parallel to the securities that the Treasury sells itself. Other facilities are available to facilitate the transfer of ownership of non-Treasury securities by accounting separately for the beneficial ownership of particular interest coupon and corpus payments on such securities through a book-entry record-keeping system.

Auction Rate Securities. Auction Rate Securities ("ARS"), are generally considered cash management instruments with intermediate to perpetual maturities. ARS seek to offer the potential for short-term hold periods. An "auction" is held for each security at predetermined intervals (for example, every seven days) to reset the dividend/interest rate. The periodic auctions, which are organized pursuant to certain procedures, seek to provide the opportunity for the ARS to be adjusted to reflect current market conditions. But see "CERTAIN RISK FACTORS".

ARS generally have auction cycles of 7, 28, 35, or 49 days. Auction cycles are in multiples of 7 to keep the auction cycle on the same day of the week (for example, every fifth Wednesday would equal a 35-day holding period). Auction cycles for ARS are known in advance, allowing investors to evaluate whether a particular cycle suits their investment parameters and cash needs. The ARS structure generally allows the securities to trade at their par values at each reset date, which is generally

considered by some to be a major advantage compared to traditional floating-rate instruments. New and existing investors typically reset the rates through a competitive bidding process that enables bidders to take into account factors such as the current interest rate environment, comparable yields in alternative short-term cash instruments, and the credit quality of the issue.

The ARS market is comprised of many different product types. These different products can generally be broken down into five principal areas: Taxable Preferred, Taxable Debt, Tax-Exempt Preferred, Tax-Exempt Debt, and DRD Preferred. The tax treatment of income flows range from fully tax-exempt, to tax-advantaged, to fully taxable. Tax-Exempt Preferred and Tax-Exempt Debt issues are generally exempt from federal income tax and, where applicable, state income tax. DRD Preferreds provide a tax benefit for corporations, through the Dividend Received Deduction, whereby 70% or more of qualified dividend income is exempt from taxable income, subject to a minimum holding period of 46 days.

ARS Issuers include U.S. industrial corporations, utilities, not-for-profit issuers, state and local municipalities, student loan providers, and closed-end funds.

Inflation-Indexed Bonds. Inflation-indexed bonds are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. Two structures are common. The U.S. Treasury and some other issuers use a structure that accrues inflation into the principal value of the bond. Most other issuers pay out the Consumer Price Index ("CPI") accruals as part of a semiannual coupon.

Pay-In-Kind (PIK) Securities. The Fund may invest in securities which pay interest either in cash or additional securities. These securities are generally high yield securities and, in addition to the other risks associated with investing in high yield securities, are subject to the risks that the interest payments which consist of additional securities are also subject to the risks of high yield securities.

Receipts. Receipts are separately traded interest and principal component parts of U.S. Treasury obligations that are issued by banks or brokerage firms and are created by depositing U.S. Treasury obligations into a special account at a custodian bank. The custodian bank holds the interest and principal payments for the benefit of the registered owners of the receipts. The custodian bank arranges for the issuance of the receipts evidencing ownership and maintains the register.

Senior Loans. Senior Loans generally are arranged through private negotiations between a borrower and the lenders represented in each case by one or more agents of the several lenders. Senior Loans in which the Fund may purchase interests generally pay interest at rates that are periodically re-determined by reference to a base lending rate plus a premium. These base lending rates are generally Prime Rate, LIBOR, the CD rate or other base lending rates used by commercial lenders.

Structured Notes. The Fund may invest in structured notes, including "total rate of return swaps," with rates of return determined by reference to the total rate of return on one or more loans referenced in such notes. The rate of return on the structured note may be determined by applying a multiplier to the rate of total return on the referenced loan or loans. Application of a multiplier is comparable to the use of leverage, which magnifies the risk of loss, because a relatively small decline in the value of a referenced note could result in a relatively large loss in value. Structured notes are treated as Senior Loans.

Step Coupon Bonds (STEPS). The Fund may invest in debt securities which pay interest at a series of different rates (including 0%) in accordance with a stated schedule for a series of periods. In addition to the risks associated with the credit rating of the issuers, these securities may be subject to more volatility risk than fixed rate debt securities.

Tender Option Bonds. A tender option bond is a municipal security (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term tax-exempt rates, that has been coupled with the agreement of a third party, such as a bank, broker-dealer or other financial institution, pursuant to which such institution

grants the security holders the option, at periodic intervals, to tender their securities to the institution and receive the face value thereof. As consideration for providing the option, the financial institution receives periodic fees equal to the difference between the municipal security's fixed coupon rate and the rate, as determined by a remarketing or similar agent at or near the commencement of such period, that would cause the securities, coupled with the tender option, to trade at par on the date of such determination. Thus, after payment of this fee, the security holder effectively holds a demand obligation that bears interest at the prevailing short-term tax exempt rate.

Variable and Floating Rate Instruments. Certain of the obligations purchased by the Fund may carry variable or floating rates of interest, may involve a conditional or unconditional demand feature and may include variable amount master demand notes. Such instruments bear interest at rates which are not fixed, but which vary with changes in specified market rates or indices, such as a Federal Reserve composite index. The interest rates on these securities may be reset daily, weekly, quarterly or some other reset period, and may have a floor or ceiling on interest rate changes. There is a risk that the current interest rate on such obligations may not accurately reflect existing market interest rates. A demand instrument with a demand notice exceeding seven days may be considered illiquid if there is no secondary market for such securities.

Zero Coupon Bonds. These securities make no periodic payments of interest, but instead are sold at a discount from their face value. When held to maturity, their entire income, which consists of accretion of discount, comes from the difference between the issue price and their value at maturity. The amount of the discount rate varies depending on factors including the time remaining until maturity, prevailing interest rates, the security's liquidity and the issuer's credit quality. The market value of zero coupon securities may exhibit greater price volatility than ordinary debt securities because a stripped security will have a longer duration than an ordinary debt security with the same maturity. The Fund's investments, if any, in pay-in-kind, delayed and zero coupon bonds may require it to sell certain Fund securities to generate sufficient cash to satisfy certain income distribution requirements.

Commercial Paper and Other Cash Equivalents. Commercial paper is the term for short-term promissory notes issued by domestic corporations to meet current working capital needs. Commercial paper may be unsecured by the corporation's assets but may be backed by a letter of credit from a bank or other financial institution. The letter of credit enhances the paper's creditworthiness. The issuer is directly responsible for payment but the bank "guarantees" that if the note is not paid at maturity by the issuer, the bank will pay the principal and interest to the buyer. Commercial paper is sold either in an interest-bearing form or on a discounted basis, with maturities generally not exceeding 270 days.

Bank Obligations. The Fund may invest in a security issued by a commercial bank.

Bankers' Acceptance. A bill of exchange or time draft drawn on and accepted by a commercial bank. It is used by corporations to finance the shipment and storage of goods and to furnish dollar exchange. Maturities are generally six months or less.

Certificates of Deposit. A negotiable interest bearing instrument with a specific maturity. Certificates of deposit are issued by banks and savings and loan institutions in exchange for the deposit of funds and normally can be traded in the secondary market prior to maturity. Certificates of deposit generally carry penalties for early withdrawal and may therefore be considered illiquid.

Demand Instruments. Certain instruments may involve a conditional or unconditional demand feature which permits the holder to demand payment of the principal amount of the instrument. Demand instruments may include variable amount master demand notes.

Time Deposits. A non-negotiable receipt issued by a bank in exchange for the deposit of funds. Like a certificate of deposit, it earns a specified rate of interest over a definite period of time; however, it cannot be traded in the secondary market. Time deposits with a withdrawal penalty are considered to be illiquid securities.

Cash Investments. The Fund may from time to time, for temporary or defensive or other purposes, invest up to 100% of its assets directly or indirectly in cash, cash equivalents, bank deposits, and/or similar instruments, including short-term high quality obligations of corporate issuers or the United States or other Government (including any agencies or instrumentalities thereof).

Potential Changes in Investment Approach. The Fund reserves the right to alter any investment policy or strategy as deemed appropriate from time to time in its discretion without requiring Limited Partner approval and without notice.

CERTAIN RISK FACTORS

An investment in the Fund is speculative and involves certain risk factors and other special considerations which prospective Investors should consider before subscribing for Interests. An investment in the Fund is suitable only for Investors who are willing to accept substantial risks of loss, including loss of entire principal.

This Memorandum contains statements which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Prospective Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various facts.

Note: the following description of certain risk factors should also be read to apply equally, where relevant, to the Master Fund.

Certain Risks of Foreign Securities

Generally. The Fund may, and currently intends to substantially, invest in foreign securities, foreign currencies, securities issued by U.S. entities with substantial foreign operations, and/or assets located outside the U.S. *which are in addition to the usual risks inherent in domestic investments* (see "Other Business Risks" below). The value of foreign securities (like U.S. securities) is affected by general economic conditions and individual issuer and industry earnings prospects. Investments in depository receipts also involve some or all of the risks described below.

It is anticipated that in many cases the best available market for foreign securities will be on an exchange or in over-the-counter (OTC) markets located outside of the United States. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers may be less liquid and more volatile than securities of comparable U.S. issuers. Foreign security trading, settlement and custodial practices (including those involving securities settlement where fund assets may be released prior to receipt of payment) are often less developed than those in U.S. markets, and may result in increased risk or substantial delays in the event of a failed trade or the insolvency of, or breach of duty by, a foreign broker-dealer, securities depository, or foreign subcustodian. In addition, the costs associated with foreign investments, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than with U.S. investments.

Some foreign securities impose restrictions on transfer within the United States or to U.S. persons. Although securities subject to such transfer restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions.

There is the possibility of cessation of trading on foreign exchanges, expropriation, nationalization of assets, confiscatory or punitive taxation, withholding and other foreign taxes on income or other amounts, foreign exchange controls (which may include suspension of the ability to transfer currency from

a given country), restrictions on removal of assets, political or social instability, military action or unrest, or diplomatic developments that could affect investments in securities of issuers in foreign nations. There is no assurance that the Investment Manager will be able to anticipate these potential events. In addition, the value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative strength of the U.S. dollar.

There may be less publicly available information about foreign issuers comparable to the reports and ratings published about issuers in the U.S. Foreign issuers generally are not subject to uniform accounting or financial reporting standards. Auditing practices and requirements may not be comparable to those applicable to U.S. issuers. Certain countries' legal institutions, financial markets and services are less developed than those in the U.S. or other major economies. The Fund may have greater difficulty voting proxies, exercising shareholder rights, securing dividends and obtaining information regarding corporate actions on a timely basis, pursuing legal remedies, and obtaining judgments with respect to foreign investments in foreign courts than with respect to domestic issuers in U.S. courts. The costs associated with foreign investments, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than with U.S. investments.

Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company. Some countries limit the investment of foreign persons to only a specific class of securities of an issuer that may have less advantageous terms than securities of the issuer available for purchase by nationals. Although securities subject to such restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions. In some countries the repatriation of investment income, capital and proceeds of sales by foreign investors may require governmental registration and/or approval. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for repatriation.

From time to time, trading in a foreign market may be interrupted. Foreign markets also have substantially less volume than the U.S. markets and securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. The Fund, therefore, may encounter difficulty in obtaining market quotations for purposes of valuing its portfolio and calculating its net asset value.

In many foreign countries there is less government supervision and regulation of stock exchanges, brokers, and listed companies than in the U.S., which may result in greater potential for fraud or market manipulation. Foreign over-the-counter markets tend to be less regulated than foreign stock exchange markets and, in certain countries, may be totally unregulated. Brokerage commission rates in foreign countries, which sometimes are fixed rather than subject to negotiation as in the U.S., are likely to be higher. Foreign security trading, settlement and custodial practices (including those involving securities settlement where assets may be released prior to receipt of payment) are often less developed than those in U.S. markets, may be cumbersome and may result in increased risk or substantial delays. This could occur in the event of a failed trade or the insolvency of, or breach of duty by, a foreign broker-dealer, securities depository, or foreign sub-custodian.

To the extent that the Fund invests a significant portion of its assets in a specific geographic region or country, the Fund will have more exposure to economic risks related to such region or country than a fund whose investments are more geographically diversified. Adverse conditions in a certain region can affect securities of other countries whose economies appear to be unrelated. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of the Fund's assets are invested, the Fund may have difficulty meeting a large number of withdrawal requests.

The holding of foreign securities may be limited by the Fund to avoid investment in certain Passive Foreign Investment Companies (PFICs) and the imposition of a PFIC tax on the Fund resulting from such investments.

Developing markets or emerging markets. Investments in companies domiciled or with significant operations in developing market or emerging market countries may be subject to potentially higher risks than investments in developed countries. These risks include, among others (i) less social, political and economic stability; (ii) smaller securities markets with low or nonexistent trading volume, which result in greater illiquidity and greater price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities, including restrictions on investment in issuers or industries deemed sensitive to national interests; (iv) foreign taxation, including less transparent and established taxation policies; (v) less developed regulatory or legal structures governing private or foreign investment or allowing for judicial redress for injury to private property; (vi) the absence, until recently in many developing market countries, of a capital market structure or market-oriented economy; (vii) more widespread corruption and fraud; (viii) the financial institutions with which the Fund may trade may not possess the same degree of financial sophistication, creditworthiness or resources as those in developed markets; and (ix) the possibility that recent favorable economic developments in some developing market countries may be slowed or reversed by unanticipated economic, political or social events in such countries.

In addition, many developing market countries have experienced substantial, and during some periods, extremely high rates of inflation, for many years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain countries. Moreover, the economies of some developing market countries may differ unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, debt burden, capital reinvestment, resource self-sufficiency and balance of payments position. The economies of some developing market countries may be based on only a few industries, and may be highly vulnerable to changes in local or global trade conditions.

Settlement systems in developing market countries may be less organized than in developed countries. Supervisory authorities may also be unable to apply standards which are comparable with those in more developed countries. There may be risks that settlement may be delayed and that cash or securities belonging to the Fund may be in jeopardy because of failures of or defects in the settlement systems. Market practice may require that payment be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the "counterparty") through whom the relevant transaction is effected might result in a loss being suffered by the Fund. The Fund seeks, where possible, to use counterparties whose financial status reduces this risk. However, there can be no certainty that the Fund will be successful in eliminating or reducing this risk, particularly as counterparties operating in developing market countries frequently lack the substance, capitalization and/or financial resources of those in developed countries. Uncertainties in the operation of settlement systems in individual markets may increase the risk of competing claims to securities held by or to be transferred to the Fund. Legal compensation schemes may be non-existent, limited or inadequate to meet the Fund's claims in any of these events.

Securities trading in developing markets presents additional credit and financial risks. The Fund may have limited access to, or there may be a limited number of, potential counterparties that trade in the securities of developing market issuers. Governmental regulations may restrict potential counterparties to certain financial institutions located or operating in the particular developing market. Potential counterparties may not possess, adopt or implement creditworthiness standards, financial reporting standards or legal and contractual protections similar to those in developed markets. Currency and other hedging techniques may not be available or may be limited.

The local taxation of income and capital gains accruing to nonresidents varies among developing market countries and may be comparatively high. Developing market countries typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting its investment activities or valuing its assets.

Many developing market countries suffer from uncertainty and corruption in their legal frameworks. Legislation may be difficult to interpret and laws may be too new to provide any precedential

value. Laws regarding foreign investment and private property may be weak or non-existent. Investments in developing market countries may involve risks of nationalization, expropriation and confiscatory taxation. For example, the Communist governments of a number of Eastern European countries expropriated large amounts of private property in the past, in many cases without adequate compensation, and there can be no assurance that such expropriation will not occur in the future. In the event of expropriation, the Fund could lose all or a substantial portion of any investments it has made in the affected countries.

Accounting, auditing and reporting standards in certain countries in which the Fund may invest may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. In addition, it is possible that purported securities in which the Fund invested may subsequently be found to be fraudulent and as a consequence the Fund could suffer losses.

Finally, currencies of developing market countries are subject to significantly greater risks than currencies of developed countries. Some developing market currencies may not be internationally traded or may be subject to strict controls by local governments, resulting in undervalued or overvalued currencies and associated difficulties with the valuation of assets, including the Fund's securities, denominated in that currency. Some developing market countries have experienced balance of payment deficits and shortages in foreign exchange reserves. Governments have responded by restricting currency conversions. Future restrictive exchange controls could prevent or restrict a company's ability to make dividend or interest payments in the original currency of the obligation (usually U.S. dollars). In addition, even though the currencies of some developing market countries, such as certain Eastern European countries, may be convertible into U.S. dollars, the conversion rates may be different from the actual market values and may be adverse to the Fund's Investors.

Foreign corporate debt securities. Foreign corporate debt securities, including Samurai bonds, Yankee bonds, Eurobonds and Global Bonds, may be purchased to gain exposure to investment opportunities in other countries in a certain currency. A Samurai bond is a yen-denominated bond issued in Japan by a non-Japanese company. Eurobonds are foreign bonds issued and traded in countries other than the country and currency in which the bond was denominated. Eurobonds generally trade on a number of exchanges and are issued in bearer form, carry a fixed or floating rate of interest, and typically amortize principal through a single payment for the entire principal at maturity with semiannual interest payments. Yankee bonds are bonds denominated in U.S. dollars issued by foreign banks and corporations, and registered with the SEC for sale in the U.S. A Global Bond is a certificate representing the total debt of an issue. Such bonds are created to control the primary market distribution of an issue in compliance with selling restrictions in certain jurisdictions or because definitive bond certificates are not available. A Global Bond is also known as a Global Certificate.

Foreign currency exchange rates. Changes in foreign currency exchange rates will affect the U.S. dollar market value of securities denominated in such foreign currencies and any income received or expenses paid by the Fund in that foreign currency. This may affect the Fund's Capital Account values, income and distributions to Investors. Some countries may have fixed or managed currencies that are not free-floating against the U.S. dollar. It will be more difficult to value securities denominated in currencies that are fixed or managed. Certain currencies may not be internationally traded, which could cause illiquidity with respect to the Fund's investments in that currency and any securities denominated in that currency. Currency markets generally are not as regulated as securities markets. The Fund endeavors to buy and sell foreign currencies on as favorable a basis as practicable. Some price spread in currency exchanges (to cover service charges) may be incurred, particularly when the Fund changes investments from one country to another or when proceeds of the sale of securities in U.S. dollars are used for the purchase of securities in foreign countries. Some countries may adopt policies that would prevent the Fund from transferring cash out of the country or withhold portions of interest and dividends at the source. Certain currencies have experienced a steady devaluation relative to the U.S. dollar. Any devaluations in the currencies in which the Fund's portfolio securities are denominated may have a detrimental impact on the Fund. Where the exchange rate for a currency declines materially after the Fund's income has been

accrued and translated into U.S. dollars, the Fund may need to redeem portfolio securities to make required distributions. Similarly, if an exchange rate declines between the time the Fund incurs expenses in U.S. dollars and the time such expenses are paid, the Fund will have to convert a greater amount of the currency into U.S. dollars in order to pay the expenses.

Investing in foreign currencies for purposes of gaining from projected changes in exchange rates further increases the Fund's exposure to foreign securities losses.

Foreign governmental and supranational debt securities. The Fund's investments in debt securities may include debt securities of sovereign, governmental or supranational issuers. Such investments are subject to all the risks associated with investment in U.S. and foreign securities and certain additional risks.

Foreign government and sovereign debt securities include debt securities issued, sponsored or guaranteed by: governments or governmental agencies, instrumentalities, or political subdivisions located in emerging or developed market countries; government owned, controlled or sponsored entities located in emerging or developed market countries; entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by any of the above issuers.

A supranational entity is a bank, commission or company established or financially supported by the national governments of one or more countries to promote reconstruction, trade, harmonization of standards or laws, economic development, and humanitarian, political or environmental initiatives. Supranational debt obligations include: Brady Bonds (which are debt securities issued under the framework of the Brady Plan as a means for debtor nations to restructure their outstanding external indebtedness); participations in loans between emerging market governments and financial institutions; and debt securities issued by supranational entities such as the World Bank, Asia Development Bank, European Investment Bank and the European Economic Community.

Foreign government and sovereign debt securities are subject to risks in addition to those relating to debt securities generally. Governmental issuers of foreign debt securities may be unwilling to pay interest and repay principal, or otherwise meet obligations, when due and may require that the conditions for payment be renegotiated. As a sovereign entity, the issuing government may be immune from lawsuits in the event of its failure or refusal to pay the obligations when due. The debtor's willingness or ability to repay in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its non-U.S. reserves, the availability of sufficient non-U.S. exchange on the date a payment is due, the relative size of the debt service burden to the issuing country's economy as a whole, the sovereign debtor's policy toward principal international lenders and the political constraints to which the sovereign debtor may be subject. Governmental debtors also will be dependent on expected disbursements from foreign governments or multinational agencies and the country's access to, or balance of, trade. Some emerging market governmental debtors have in the past rescheduled their debt payments or declared moratoria on payments, and similar occurrences may happen in the future. There is no bankruptcy proceeding by which the Fund may collect in whole or in part on debt subject to default by a government.

Foreign Repurchase Agreements. Foreign repurchase agreements involve an agreement to purchase a foreign security and to sell that security back to the original seller at an agreed-upon price in either U.S. dollars or foreign currency. Unlike typical U.S. repurchase agreements, foreign repurchase agreements may not be fully collateralized at all times. The value of a security purchased by the Fund may be more or less than the price at which the counterparty has agreed to repurchase the security. In the event of default by the counterparty, the Fund may suffer a loss if the value of the security purchased is less than the agreed-upon repurchase price, or if the Fund is unable to successfully assert a claim to the collateral under foreign laws. As a result, foreign repurchase agreements may involve higher credit risks than repurchase agreements in U.S. markets, as well as risks associated with currency fluctuations. In addition, as with other emerging market investments, repurchase agreements with counterparties located in emerging markets or relating to emerging markets may involve issuers or counterparties with lower credit ratings than typical U.S. repurchase agreements.

Country and/or Geographic Specific Risks. Geographic regions around the world (including, but not limited to, Canada, Europe, Japan, Asia Pacific, Latin America, Emerging Markets, Russia, Middle East, and Africa) contain numerous specific and special additional risks which may materially and adversely impact the Fund and Limited Partners.

Other Business Risks

No Assurance of Investment Return. The Fund cannot provide assurance that it will be able to choose, make, and realize investments in any particular company or portfolio of companies or securities or instruments thereof. There can be no assurance that the Fund will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with the General Partner provide no assurance of future success.

Securities Risks in General; Equity Risks. The Fund may invest in equity securities, which generally involves a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Furthermore, the Fund is not subject to a specific percentage limit on any particular industry or issuer. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of the Fund's investments may decline if the particular companies in which the Fund invests do not perform well in the market. Furthermore, the prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. The prices of growth stocks also may fall or fail to appreciate as anticipated by the General Partner, regardless of movements in the securities markets.

Short Selling. The Fund's investment program may, and is currently expected to, include short selling. Short sales may occur if the Fund determines that an event is likely to have a downward impact on the market price of a company's securities. In addition, short positions may be taken if in the view of the Fund such positions will reduce the risk inherent in taking long positions. The extent to which the Fund engages in short sales will depend upon its investment strategy. Such practices can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position or a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

General Economic and Market Conditions. The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, oil prices, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Such volatility or illiquidity could impair the Fund's profitability or result in losses.

Extraordinary Events. Terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

Initial Public Offerings. Securities issued through an IPO can experience an immediate drop in value if the demand for the securities does not continue to support the offering price. Information about the issuers of IPO securities is also difficult to acquire since they are new to the market and may not have lengthy operating histories. The Fund may engage in short-term trading in connection with its IPO investments, which could produce higher trading costs and adverse tax consequences. The number of securities issued in an IPO is limited, so it is likely that IPO securities will represent a small component of

the Fund's portfolio as the Fund's assets increase (and thus have a more limited effect on the Fund's performance).

Illiquid and Long-Term Investments. The Fund may invest in illiquid investments (including, but not limited to, private placements and other similar investments) valued at cost or otherwise until disposition. The return of capital and the realization of gains, if any, from such illiquid investments generally will occur only upon the partial or complete disposition of such investment. In addition, the lack of an established, liquid secondary market for some of the Fund's investments may have an adverse effect on the market value of the Fund's investments and on the Fund's ability to dispose of them. Additionally, the Fund's investments may be subject to certain transfer restrictions that may also contribute to illiquidity. Finally, assets of the Fund that are typically traded in a liquid market may become illiquid if the applicable trading market tightens as a result of a significant macro-economic shock or for any other reason. Therefore, no assurance can be given that, if the Fund is determined to dispose of a particular investment, the Fund could dispose of such investment at the prevailing market price. The Fund may sometimes not be able to sell securities it holds publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. Although it currently does not intend to, the Fund may, as described elsewhere herein, designate certain Securities as Designated Investments. As a result of the foregoing, a Limited Partner should view its investment in the Fund as a longer-term investment than most hedge funds.

Past & Current Market Conditions. In 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of the credit markets to function. In reaction to these events, regulators in the U.S. and several other countries undertook unprecedented regulatory actions. In the U.S., the SEC issued emergency orders that temporarily banned short selling of equity securities of more than 900 financial firms and required institutional investment managers, including large private investment fund managers, to make weekly disclosures of all new short sales in a broad range of publicly traded securities. Several other countries, including the United Kingdom, issued similar short-selling restrictions. The Investment Manager believes that the restrictions on short-selling and potential public disclosure of short selling activities may have materially affected and may be continuing to materially affect the markets, including the prices of securities.

On August 5, 2011, Standard & Poor's lowered the long-term sovereign credit rating of U.S. Government debt obligations from AAA to AA+. On August 8, 2011, S&P also downgraded the long-term credit ratings of U.S. government-sponsored enterprises. These actions initially have had an adverse effect on financial markets and although the General Partner is unable to predict the longer-term impact on such markets and the participants therein, it might be material and adverse with respect to the Fund.

Evolving Regulatory Oversight; Business and Regulatory Risks of Hedge Funds. The Fund is not required to register as an investment company, and has not registered as such, under the Company Act. Thus, the provisions of the Company Act intended to provide various protections to investors are not applicable. Moreover, Other Funds and Managers are generally not registered as investment companies and the Fund, in turn, is not provided the protections of the Company Act. The investment activities of the Fund and Other Funds and Managers are not subject to Company Act provisions that limit the use of leverage and regulate other investment practices. Other Funds and Managers do not generally maintain their securities and other assets in the custody of a bank or a member of a securities exchange, as generally required of registered investment companies, in accordance with certain rules of the SEC. A registered investment company that places its securities in the custody of a member of a national securities exchange is required to have a written custodial agreement, which provides that securities held in custody will be at all times individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions designed to protect the assets of the investment company. Other Funds and Managers generally maintain custody of their assets with brokerage firms that do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the

U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firm could have a greater adverse effect on the Fund than would be the case if custody of assets were maintained in accordance with the requirements applicable to registered investment companies. There is also a risk that an Other Fund or Manager could convert to its own use assets committed to it by the Fund or that a custodian could convert to its own use assets committed to it by a Other Fund or Manager. There can be no assurance that Other Funds and Managers or the entities they manage will comply with all applicable laws and that assets entrusted to Other Funds and Managers will be protected.

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Fund and the ability of Other Funds and Managers to obtain leverage they might otherwise obtain or to pursue their trading strategy. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. For instance, the SEC issued an emergency order in September 2008 to temporarily ban short-selling of any publicly traded securities of certain financial firms and require institutional investment managers, including hedge fund managers, to make disclosure on a weekly basis of short positions on publicly traded equity securities. On or about the same time, other jurisdictions (e.g., United Kingdom, Australia, Ireland) enacted emergency regulations, imposing similar regulations to those enacted by the SEC. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability to trade in securities or employ, or brokers and other counterparties to extend, credit in their trading (as well as other regulatory changes that result) could have a material adverse impact on the Fund's or Other Funds' and Managers' performance and, consequently, on the Fund's portfolio.

The Fund and Other Funds and Managers may also be subject to regulation in jurisdictions in which Other Funds and Managers engage in business, which, in turn, could have a material adverse impact on value of the investments of the Fund. Investors should understand that the Fund's and Other Funds' and Managers' business is dynamic and expected to change over time. Therefore, the Fund and Other Funds and Managers may be subject to new or additional regulatory constraints in the future. This Memorandum cannot address or anticipate every possible current or future regulation that may affect the Fund or its affiliates or Other Funds and Managers or their respective businesses. Such regulations may have a significant impact on the Investors, the operations of the Fund, including, without limitation, restricting the types of investments the Other Funds and Managers and/or the Fund may make, preventing them from exercising voting rights with regard to certain financial instruments, requiring them to disclose the identity of their investors or otherwise. The Investment Manager may, in its sole discretion, cause the Fund to be subject to such regulations if it believes that an investment or business activity is in the Fund's interest, even if such regulations may have a detrimental effect on one or more Investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Fund.

Additionally, on July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). Dodd-Frank could affect the Fund by increasing transaction and/or regulatory compliance costs. In addition, greater regulatory scrutiny may increase the Fund's and General Partner's exposure to potential liabilities. Dodd-Frank creates a new framework for, amongst other things, over-the-counter derivatives markets which could impact various activities of the Fund. The impact of Dodd-Frank and other regulatory initiatives could affect the Fund in substantial and unforeseen ways.

Concentration of Investments. The General Partner is not limited in the amount of Fund capital which it may commit to any one investment. The Fund may hold a few, relatively large securities positions in

relation to the Fund's capital. The result of such concentration of investments is that a loss in any such position could materially reduce the Fund's capital.

Volatility. Volatility produces various adverse effects. In general, volatility has a tendency to discourage the participation of small investors and reduce the participation of some professionals in the financial market. This lack of participation, in turn, may tend to reduce liquidity, the ability to enter into transactions at a price close to that of the previous transaction. A consequence of illiquidity is that market-makers and specialists tend to increase the spread between the price they are willing to pay for a security (the bid) and the price at which they are willing to sell a security (the offer). For these reasons illiquid markets and/or securities may be more difficult to trade and may possess greater risk. Although volatility provides the opportunity for significant profits it also can result in equally significant losses. Such volatility theoretically could result in losses greater than the amount which would cause the Fund to dissolve. This could occur if prices in the financial markets "gap" (open much higher or lower than the previous days' close).

Smaller Companies. While smaller companies may offer substantial opportunities for capital growth, they also involve substantial risks and should be considered speculative. Historically, smaller company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller companies to changing economic conditions. In addition, smaller companies may lack depth of management and resources, be unable to generate funds necessary for growth or development, be unable to borrow funds at low cost, or be dependent on narrower product lines or business than larger companies, and therefore may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. The risk that a smaller company will not have enough cash flow to meet financial obligations is a serious risk. Smaller companies typically have limited operating histories and limited following from Wall Street. Smaller companies are also more prone to market manipulation by private investment funds and market makers. Some of the smaller companies that the Fund may buy are quoted on the pink sheet over-the-counter system; such smaller companies do not need to meet minimum requirements or file with the SEC and entail significant risks.

Venture Capital Risks. Although venture capital investments offer the opportunity for significant gains, each investment involves a high degree of business and financial risk that can result in substantial losses. Among these are the risks associated with investing in companies in an early stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities, and a larger number of qualified managerial and technical personnel.

Fund's Limited Rights as Investor. The Fund will generally not be able to direct or administer the day-to-day operations of any company. The Fund, however, may exercise its rights as a shareholder or lender and may, although it is not required to, communicate its views on important matters of policy to management, the Board of Directors, shareholders of a company, and holders of other securities of the company when the General Partner determines that such matters could have a significant effect on the value of the fund's investment in the company. The activities in which the Fund may engage, either individually or in conjunction with others, may include, among others, supporting or opposing proposed changes in a company's corporate structure or business activities; seeking changes in a company's directors or management; seeking changes in a company's direction or policies; seeking the sale or reorganization of the company or a portion of its assets; supporting or opposing third-party takeover efforts; supporting the filing of a bankruptcy petition; or foreclosing on collateral securing a security. This area of corporate activity is increasingly prone to litigation and it is possible that the Fund could be involved in lawsuits related to such activities. The General Partner will generally seek to monitor such activities with a view to mitigating, to the extent possible, the risk of litigation

against the Fund and the risk of actual liability if the Fund is involved in litigation. No guarantee can be made, however, that litigation against the Fund will not be undertaken or liabilities incurred.

Convertible Securities. Convertible securities are subject to credit and interest rate risk. When the interest rate rises, the value of such securities may decline. The interest rate or dividend performance on a convertible security may be less than that of a common stock equivalent if the yield on the convertible security is at a level which causes it to sell at a discount. In addition, companies may require the convertible securities holders to convert the securities to common stock by "calling the bonds," a technique known as forced conversion. Thus, an investment may be subject to additional risk depending on the price at which the convertible security is callable. Furthermore, the credit risk may be affected by the credit quality of the issuer. Convertible securities may or may not be rated within the four highest categories by S&P and Moody's and if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of the Fund's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent.

Preferred Stock. The Fund may invest in preferred stock. Preferred stock has a preference over common stock in liquidation (and generally dividends as well) but is subordinated to the liabilities of the issuers in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

Certain Risks of Other Funds and Managers and Separately Managed Accounts. An investment in Other Funds and Managers may cause the Fund indirectly to hold opposite positions in an investment, thereby decreasing or eliminating the possibility of positive returns from such investment. Certain Other Funds and Managers that the Fund may invest in will not be registered, as applicable, under the Company Act or the Advisers Act, each as amended (or any other similar state or federal laws). Some of the Other Funds and Managers may also be recently organized and have no operating histories upon which the Fund may evaluate their possible performance. Regardless of whether the Fund utilizes leverage, the Limited Partners may indirectly be exposed to the use of leverage through the Fund's investments, if any, in Other Funds and Managers. The General Partner and Fund generally will have no power to control the management of certain Other Funds and Managers including investments, valuation, brokerage policies, conflicts of interest, etc. Certain Other Funds and Managers may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the General Partner or the Fund. These strategies may involve risks under some market conditions that are not anticipated by the General Partner or the Other Funds and Managers. The strategies employed by Other Funds and Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. If invested in any Other Funds and Managers, the Fund will receive periodic reports at the same time as, and containing the same information provided to, any other investor in such Other Funds and Managers. The Fund may make requests for additional, more detailed information from such Other Funds and Managers, but there can be no assurance that any such additional information will be provided. Such lack of access may also impact the ability to value the Fund's assets. The ability of the

Fund to withdraw all or part of its investment from its Other Funds and Managers is generally limited to a quarterly, semiannual or annual basis depending upon the investment, and may be subject to lock-ups and additional restrictions (including possible redemption fees) imposed by the managers or general partners of such Other Funds and Managers. The Fund may be unable to make withdrawal payments to the Limited Partners to the extent it has invested in such Other Funds and Managers that do not permit withdrawals, will not honor the Fund's withdrawal requests or that have invested in or distributed to the Fund a side pocket or illiquid investment. To the extent that the Fund invests in Other Funds and Managers, the Fund will bear additional costs and expenses in addition to the Fund's own expenses, Management Fee, and Incentive Allocation. Such Other Funds and Managers will charge their own advisory fees (which may include both management fees and performance fees) and expenses. To the extent any of the Other Funds and Managers are, or invest in stock of non-U.S. corporations that are, classified as passive foreign investment companies ("PFICs"), U.S. Investors will be subject to special rules with respect to the Fund's or its Other Funds and Managers' interest in such PFICs.

Events in the world financial markets, such as those that occurred in September and October 2008, may materially adversely affect Other Funds and Managers, potentially limiting the Fund's ability to fully exercise its redemption rights with regard to Other Funds and Managers due to "gates," suspensions and distributions in kind. Additionally, in some cases Other Funds and Managers may also suspend the determination of the net asset value of all or a portion of their portfolios. The absence of such valuations will make it more difficult for the Investment Manager to accurately value the Fund's portfolio.

The Fund may invest in Other Funds and Managers, and other investors may invest with the General Partner, via separately managed accounts. Managed accounts offer greater visibility and flexibility for larger investors in general by giving them direct ownership of underlying assets and the option to sell such assets if they want to get out quickly. However, investors in private investment funds (e.g. the Fund or certain of the Other Funds and Managers) could be disadvantaged if managed account holders with the General Partner or the adviser of certain Other Funds and Managers pull out of an asset before such private investment fund investors are able to redeem from such private investment fund or the General Partner or such adviser are able to sell such assets of the Fund or Other Funds and Managers, respectively. Accordingly, a risk to investors of private investment funds is that managed account investors of the advisers to such private investment funds get an edge on private fund investors by having the ability to sell their positions whenever they want, independent of the fund manager. If this occurs before the fund manager sells a private investment fund's positions, then, among other things: (1) less liquid assets could see prices depressed; and (2) selling the Fund's positions could be harder.

Misconduct or Bad Judgment of Other Funds and Managers and Their Service Providers. Misconduct by employees of Other Funds and Managers or by their third-party service providers could cause losses to the Fund. Employee misconduct may include binding a fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) or other fraud. Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. Although the Investment Manager will seek to monitor Other Funds and Managers, such measures may not be effective in all cases in detecting fraud or misconduct.

In addition, the Fund will still face the risk of Other Funds' and Managers' misrepresentation, material strategy alteration or poor judgment. Although Other Funds and Managers are required to adhere to the offering documents for the respective funds, neither the Fund nor the Investment Manager can control the investments made by Other Funds and Managers. The sole remedy in the event of a deviation by a Other Fund or Manager from its offering documents (such as in the case of "style drift") may be to cause the Fund to withdraw capital, subject to any applicable withdrawal restrictions.

Style Drift. The Fund and its Investment Manager rely primarily on information provided by Other Funds and Managers in assessing Other Funds' and Managers' defined investment strategies, the underlying risks of such strategies and, ultimately, determining whether, and to what extent, it will allocate the Fund's

assets to such Other Funds and Managers. "Style drift" is the risk that a Other Fund or Manager may deviate from the stated or expected investment strategy. Style drift can occur abruptly if a manager believes it has identified an investment opportunity for higher returns from a different approach (and the manager disposes of an interest quickly to pursue this approach) or it can occur gradually, such as if, for instance, a "value" oriented manager gradually increases investments in "growth" stocks. Style drift can also occur if a manager focuses on factors it had deemed immaterial in its offering documents - such as particular statistical information or returns relative to certain benchmarks. Additionally, style drift may result in a manager pursuing investment opportunities in an area in which it has a competitive disadvantage or is outside the manager's area of expertise (e.g., a large-cap manager focusing on small-cap investment opportunities). Moreover, style drift poses a particular risk for multiple-manager structures since, as a consequence, the Fund may be exposed to particular markets or strategies to a greater extent than was anticipated by the Investment Manager when it assessed the portfolio's risk-return characteristics and allocated assets to Other Funds and Managers (and which may, in turn, result in overlapping investment strategies among various Other Funds and Managers).

Exchange Traded Funds ("ETFs"). An ETF's NAV changes daily based on changes in market conditions and interest rates and in response to other economic, political, or financial developments. Factors that may cause an ETF's NAV to react to such developments include, but are not limited to, (1) the types of securities in which an ETF invests, (2) the financial condition, industry and economic sector, and geographic location of an issuer, and (3) an ETF's level of investment in the Securities of an issuer. An ETF's performance could depend heavily on the performance of an industry or group of industries and could be more volatile than the performance of less concentrated funds. In addition, because certain ETF's may invest a significant percentage of their assets in a single issuer, such an ETF's performance could be closely tied to one such issuer and could be more volatile than the performance of other, more diversified, funds.

An ETF's NAV will generally fluctuate with changes in the market value of an ETF's holdings. ETFs are listed and can be bought and sold in the secondary market at market prices. Although an ETF's market price is expected to approximate its NAV, it is possible that the market price and NAV will vary significantly. As a result, the Fund may pay more than the ETF's NAV when buying such ETF in the secondary market and receive less than the ETF's NAV when selling such ETF.

The market price of ETFs during the trading day, like the price of any exchange-traded security, includes a "bid/ask" spread charged by the exchange specialist, market makers, or other participants that trade the particular security. In times of severe market disruption, the bid/ask spread can increase significantly. At those times, ETFs are most likely to be traded at a discount to NAV, and the discount is likely to be greatest when the price of ETFs are falling fastest, which may be the time that the Fund most wants to sell its interest in an ETF.

A lack of liquidity can lead to wide bid/ask spreads. Wider spreads may have a negative impact on the Fund's returns when it buys or sells ETFs. Lack of liquidity may also cause an ETF to trade at a large premium or discount to NAV, meaning that the Fund may overpay for a portfolio when buying or obtain less than the basket of securities is worth when selling.

Funds with lower levels of assets may also experience wide spreads in bid/ask prices. ETF market makers often receive rebates from exchanges that are calculated on a per-share basis. Thus, market makers may not have much incentive to maintain narrow gaps between bid and ask prices in funds with low trading volume. There are also risks when an issuer suspends issuing shares because wide gaps can develop between the ETF share price and the value of its underlying holdings.

Authorized participants may swap a basket of the ETF's underlying holdings for ETF shares, or vice versa. This process may help arbitrage away significant gaps between the ETF's share price and its NAV. However, when underlying holdings are costly to trade and/or difficult to obtain, authorized participants may be less willing to round up that basket of securities which may cause wide gaps to

develop between the ETF's share price and NAV. Additionally, when underlying holdings are traded less frequently (or not at all), an ETF's returns may diverge from the benchmark which it is designed to track.

The performance of an index based ETF (an "Indexed ETF") and its corresponding index ("Index") may vary somewhat due to factors such as fees and expenses of an Indexed ETF, imperfect correlation between an Indexed ETF's securities and those in the Index, timing differences associated with additions to and deletions from the Index, and changes in the shares outstanding of the component securities. An Indexed ETF may not be fully invested at times. The use of sampling techniques or futures or other derivative positions may affect an Indexed ETF's ability to achieve close correlation with the Index.

Although shares of ETFs are listed, there can be no assurance that an active trading market will be maintained. Trading of ETFs in the secondary market may be halted, for example, due to activation of marketwide "circuit breakers."

Certain Risks of Exchange Traded Notes ("ETNs"). ETNs are riskier than ordinary unsecured debt securities and have no principal protection. ETN investors are taking on credit risk that the issuer will be solvent when they want to sell shares or when they reach maturity. Investing in ETNs are not equivalent to investing directly in index components or the relevant index itself. The price at which the Fund can sell its ETNs for prior to their maturity will depend on a number of factors, and may be substantially less than the amount the Fund paid for such ETNs. The market value of ETNs may be influenced by many unpredictable factors. Risks include limited portfolio diversification, uncertain principal repayment, and illiquidity. Even though ETNs are listed on exchanges, there is no guarantee a trading market will exist for ETNs at anytime. ETNs may be subject to foreign exchange risk since ETNs may be denominated in USD while the underlying components of the relevant index may be denominated in other currencies. Also, investors in ETNs will be subject to fees, which will reduce the amount of investors' returns at maturity or on redemption of the ETNs, and as a result they may receive less than the principal amount of their investment at maturity or upon redemption of the ETNs, even if the value of the relevant index has increased. Brokerage commissions will apply to purchases and sales of ETNs in the secondary market. The sale, redemption or maturity of ETNs will generate tax consequences. The indicative value calculation of ETNs is provided for reference purposes only and is not intended as a price or quotation, or as an offer or solicitation for the purchase, sale, redemption, or termination of ETNs, nor does it reflect hedging or transaction costs, credit considerations, market liquidity, or bid-offer spreads. Published index levels from the sponsors of the indexes underlying the ETNs may occasionally be subject to delay or postponement. Any such delays or postponements will affect the current index level and therefore the indicative value of the ETNs. Index levels provided by the sponsors of the indexes underlying the ETNs do not necessarily reflect the depth and liquidity of the underlying relevant market. For this reason and others, the actual trading price of the ETNs may be different from their indicative value. The trading prices of ETNs will reflect changes in their intrinsic value as well as market supply-and-demand, among other factors. Regardless of their published indicative value, the trading prices of ETNs may also be influenced by changes in the credit rating of the issuers thereof. Significant valuation risks and tax consequences, many of which are uncertain, exist when investing in ETNs. Among other risks, ETNs may have limited following, if any, from Wall St.

Private Placements and Other Similar Investments. Investments in private placements and other similar investments all may involve a high degree of business and financial risk that can result in substantial losses. Furthermore, these assets will be illiquid and difficult to value and the Fund may not be able to readily sell such investments or may only be able to sell them at substantial discounts.

Risks Related to Collateralized Debt Obligations ("CDOs"). The risks of an investment in a CDO depend largely on the type of the collateral securities, the degree of diversification within the CDO and the tranche of the CDO in which the Fund invests. Normally, the CDO is privately offered and sold, and thus, are not registered under the securities laws. As a result, investments in CDOs may be characterized by the Fund as illiquid securities, however an active dealer market may exist for CDOs allowing a CDO to qualify for Rule 144A transactions. In addition to the normal risks associated with fixed income securities discussed

elsewhere in this Memorandum (e.g., interest rate risk and default risk), CDOs carry additional risks including, but are not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the Funds may invest in CDOs that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Securities Lending Risks. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. These delays and costs could be greater for foreign securities. If the Fund is not able to recover the securities loaned, the Fund may sell the collateral and purchase a replacement investment in the market. The value of the collateral could decrease below the value of the replacement investment by the time the replacement investment is purchased. Cash received as collateral through loan transactions may be invested in other Securities. Investing this cash subjects that investment, as well as the securities loaned, to market appreciation or depreciation.

Real Estate Investments. The Fund's investment program may include direct and indirect investments in real estate and real estate development. Investments in real estate are subject to various risks, including: (i) adverse changes in local, national or international economic conditions; (ii) adverse local market conditions; (iii) the financial condition of tenants, buyers and sellers of properties, (iv) environmental laws and regulations; (v) zoning and land use laws and other governmental rules; (vi) costs resulting from the clean-up of, and liability to third parties for damages resulting from, whether known or unknown, environmental problems, casualty or condemnation losses, and/or uninsured damages from, whether as a result of acts of God or man, floods, hurricanes, fire, natural disasters, or other uninsurable losses; (vii) possible declines in the value of real estate; (viii) delays in the acquisition of properties and costs associated with failed acquisition transactions of properties, including, but not limited to, those that do not have satisfactory due diligence reviews; (ix) possible lack of availability of mortgage financing funds; (x) overbuilding and overdevelopment; (xi) increases in competition; (xii) property taxes and operating expenses; (xiii) changes in interest rates; and (xiv) other factors beyond the control of the General Partner. Because of the illiquid nature of real estate, the Fund might not be able to sell a property at a particular time for its full value, particularly in a poor market or upon short notice. This might make it difficult to raise cash quickly and also could lead to Fund losses. Furthermore, if the Fund needs to dispose of property in order to generate cash flow it may have to accept a lower sale price than if it had the ability to hold the property for a longer time period. The Fund may need to provide financing if no cash buyers are available. See also "Tax Risks" below for potential negative tax implications of any Fund real estate investment and development activities.

Effect of Withdrawals. Withdrawals by Limited Partners could require the Fund to liquidate or close out positions more rapidly than would otherwise be desirable, which could reduce the value of Fund assets and cause a resulting reduction in the value of Limited Partnership interests, and can lead to increased trading costs and negative tax effects. Substantial withdrawals could also force the Fund to sell its more liquid holdings, leaving it with a higher proportion of relative illiquid securities in its portfolio and further reducing the Fund's ability to distribute in the event of further withdrawals. Withdrawals could also cause increased brokerage commissions and realization of taxable gains if the Fund needs to sell securities in order to raise cash for withdrawals.

Effect of Fund Size and Growth. Early Investors to the Fund may find risks and expenses amplified by the small size of the Fund. As the Fund grows, it may experience greater difficulty in finding acceptable investments without adversely affecting the prices at which it buys and sells the securities. Also, new securities purchases will cause brokerage commissions that will be shared by all Investors.

Master-Feeder Structure. The Fund is a part of a master-feeder structure and invests substantially all of its assets (as a "feeder fund") into the Master Fund, which is a vehicle utilized to pool assets of potentially

multiple feeder funds in order to attempt to optimize each feeder fund's portfolio (a "master-feeder structure").

Feeder funds and master funds bear additional costs and expenses. As a result, the Fund, and indirectly Investors in the Fund, when investing in the master-feeder structure, will bear multiple levels of expense, which in the aggregate will exceed the expenses which would typically be incurred by an investment with a single investment pool. However, the Investors will generally only be charged one Management Fee and Incentive Allocation when investing in the master-feeder structure. The Management Fee will generally occur at the Fund level and not at the Master Fund level. The Incentive Allocation will generally occur at the Master Fund level and not at the Fund level.

Other investors in the Master Fund may be much bigger than the Fund and may redeem from the Master Fund, which may result in a less diversified portfolio of investments and could indirectly adversely affect the liquidity and performance of the Fund's investment in the Master Fund. Additionally, other investors in the Master Fund may have competing interests with the Fund; in light of such other investor's competing interests, the Master Fund may make investment and other decisions at times that are adverse or not as favorable to the interests of the Fund.

There may be additional factors in making investments or entering such transactions which may also cause significant delays, during which the Master Fund's capital will be committed and interest charges on any funds borrowed to finance the Master Fund's investments may be incurred.

There is no assurance that the Fund's interest in the Master Fund will result in superior performance to that which would have been achieved without the use of a master-feeder structure.

Any interest in the Master Fund is illiquid and may not be freely transferable, which may affect the Fund.

The Master Fund currently intends to keep the direct or indirect interests of benefit plan investors to less than 25% of the Master Fund's assets (excluding interests of the General Partner and affiliates) or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant guidelines under the Employee Retirement Income Security Act of 1974, as amended. However, notwithstanding the foregoing intention, the Master Fund may exceed such 25% limitation, which may impose certain limitations on the Master Fund's activities, which could in turn negatively impact the Fund.

Anti-Money Laundering. The Master Fund, and the Administrator on the Master Fund's behalf, also reserve the right to refuse to make any withdrawal payment to a Master Fund Investor (e.g. the Fund) if the General Partner or the Administrator suspect or are advised that the payment of withdrawal proceeds to such Investor (or such Investor's underlying investors) might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Master Fund or the Administrator with any such laws or regulations in any applicable jurisdiction.

UN Sanctions and EU Restrictive Measures. The obligations of the Master Fund will be subject to restrictions pursuant to United Nations sanctions as implemented under the laws of the Cayman Islands and/or restrictive measures adopted by the European Union Council for Common Foreign and Security Policy extended to the Cayman Islands by the Order of Her Majesty in Council. At date of this Memorandum, there are a number of sanctions which have been extended to the Cayman Islands by Order in Council, so that persons in the Cayman Islands (including the Master Fund) are restricted in their capacity to deal with organizations or individuals in the affected countries.

Handling of Master Fund mail. Mail addressed to the Master Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the General Partner to be dealt with. None of the Master Fund, the General Partner or any of its or their directors, officers, advisors or

service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the Directors of the General Partner will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the Master Fund).

Leverage and Derivatives

Generally. The Fund reserves the right to borrow money, utilize margin, or utilize any financial instruments necessary (including, but not limited to, swaps, options, repurchase agreements, forward contracts, and other derivative instruments) for any purpose, including, but not limited to: (1) leveraging Fund assets for any purpose, including, but not limited to, enhancing the Fund's returns, if any; (2) seeking to hedge the Fund's investments and/or other assets; and (3) making speculative investments.

Leverage; Interest Rates; Margin. The use of leverage will expose the Fund and its Partners to substantial risk of loss. The Fund may utilize substantial leverage and the amount of borrowings outstanding at any time may therefore be large in relation to its capital. Consequently, the level of interest rates generally, and the rates at which the Fund can borrow in particular, will affect the operating results of the Fund. The low margin deposits normally required in connection with certain of the Fund's activities permit a considerable degree of leverage and, as a result, relatively small price movements can result in immediate and substantial losses.

The Fund may use short-term margin borrowings in purchasing Securities (including, but not limited to, swaps, commodities, derivatives, or other instruments purchased for speculative, leveraging, hedging, and/or performance enhancing purposes). In general, the use of short-term margin borrowings, if any, results in certain additional risks. For example, should the securities pledged to brokers to secure margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value, which could require the liquidation of Fund assets at inopportune times. Furthermore, in the event of a sudden precipitous drop in the value of its assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

The Fund's margin provider will have a lien over the assets of the Fund which are deposited with the margin provider as collateral. In the event of the insolvency of the margin provider, those assets may become available to the creditors of the margin provider. The insolvency of the margin provider could seriously damage the operations of the Fund, as assets of the Fund which are deposited with the margin provider as margin will become available to the creditors of the margin provider.

When the Fund purchases an option in the United States, there is often no margin requirement because the option premium may be paid for in full. The premiums for certain options traded on foreign exchanges may be paid for on margin. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the money options will not be exercised, can in fact be higher than those imposed in dealing in the securities markets directly. Whether any margin deposit will be required for over-the-counter ("OTC") options will depend on the credit determinations and agreement of the parties to the transaction.

Options. The seller ("writer") of a put option which is covered (*i.e.*, the writer has a short position in the underlying security, currency or commodity) assumes the risk of an increase in the market price of the underlying security, currency or commodity above the sales price (in establishing the short position) of the underlying security, currency or commodity plus the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time as or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security, currency or commodity below the exercise price of the option. The buyer of a put option assumes the risk of losing his, her or its entire

investment in the put option. If the buyer of the put holds the underlying security, currency or commodity, the loss on the put will be offset in whole or in part by any gain on the underlying security, currency or commodity.

The seller ("writer") of a call option which is covered (*i.e.*, the writer holds the underlying security, currency or commodity) assumes the risk of a decline in the market price of the underlying security, currency or commodity below the purchase price of the underlying security, currency or commodity less the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or commodity above the exercise price of the option. The buyer of a call option assumes the risk of losing his, her or its entire investment in the call option. If the buyer of the call sells short the underlying security, currency or commodity, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity.

Hedging Transactions. The Fund may utilize financial instruments such as forward contracts, currency options, stock index futures and options, and interest rate swaps, caps and floors both for investment purposes and to seek to hedge against fluctuations in the relative values of its portfolio as a result of changes in currency exchange rates, market interest rates and equity prices. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Fund to hedge against an exchange rate, interest rate or equity price fluctuation that is so generally anticipated that it is not able to enter into a hedging transaction at a price sufficient to protect it from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The success of hedging transactions will be subject to the Fund's ability to anticipate movements in the direction of currency exchange and interest rates and equity prices. Therefore, while the Fund may enter into such transactions to seek to reduce currency exchange rate, interest rate or equity value risks, unanticipated changes in currency exchange or interest rates may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Fund may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose it to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of portfolio holdings. The Fund is under no obligation to hedge any existing exposures.

Repurchase Agreements. The use of repurchase agreements by the Fund involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying securities. If the seller fails to repurchase the securities, the Fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price.

Reverse Repurchase Agreements. The Fund also may obtain leverage through reverse repurchase agreements whereby it effectively will "borrow" funds by selling its interests in investments to a financial institution for cash and agreeing to repurchase those interests at a specified future date for an amount equal to the sales price plus interest at a negotiated rate. Although similar in many respects to a secured

loan, the reverse repurchase transaction provides for the outright transfer of the securities that are subject to the reverse repurchase agreement from the Fund to the buyer. As the seller of the securities, the Fund will be subject to the risk that its counterparty may default on its obligation to return those securities upon tender of the repurchase price. The reverse repurchase agreement generally will apply the concept of set-off of exposure of the counterparties to each other in the event of insolvency or other default. The occurrence of an event of default will have the effect of accelerating outstanding transactions, converting delivery obligations in respect of the securities to cash sums based on the default market value of the securities, and then netting outstanding amounts to result in a single sum payable from one party to the other. The counterparty may not be able to discharge any such payment obligation to the Fund.

Forward Contracts on Securities or Currencies. The Fund may trade in forward purchases and sales of securities and purchase and sell forward contracts on currencies ("forwards"). The principal risks relating to the use of forwards are: (a) when used for hedging purposes, the possible imperfect correlation between the prices of the forwards and the market value of the securities or currencies in the Fund's portfolio intended to be hedged by the forwards; (b) possible lack of a liquid secondary market for closing out a forwards position; (c) losses on forwards resulting from interest rate or currency movements not anticipated by the Fund; and (d) the risk of counterparty default (see below).

Futures and Options on Futures Trading. In addition to the risks with trading in futures and options on futures that arise from the leverage and volatility associated with such investments, futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuations limits" or "daily limits." Under such daily limits, during a single day trading no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the General Partner from promptly liquidating unfavorable positions and subject the Portfolio to substantial losses.

Other Derivative Instruments. New derivative techniques and instruments continue to be developed, and the Fund reserves the right to use any such techniques and instruments as may be developed to the extent it determines that they are consistent with applicable regulatory requirements.

Imperfect Correlation of Price Changes. The Fund may invest in options and futures contracts based on securities with different issuers, maturities, or other characteristics from the securities in which the fund typically invests, which involves a risk that the options or futures position will not track the performance of the fund's other investments. Accordingly, the Fund may purchase such options and futures contracts for purely speculative and return enhancement, if any, purposes.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match the Fund's investments well. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, or from imposition of daily price fluctuation limits or trading halts.

Risk of Counterparty Default. The stability and liquidity of futures contracts, repurchase agreements, swap transactions, forwards and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. The creditworthiness of firms with which the Fund will enter into futures contracts, repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives may or may not be monitored on an ongoing basis by the Fund. If there is a default by the counterparty to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve days or costs which could result in the net asset value of the Fund being less than if the Fund had not entered

into the transaction. If one or more of the Fund's securities counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Fund may use counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

Certain Fixed-Income Risks

Generally. The total return of a debt instrument is composed of two elements: the percentage change in the security's price and interest income earned. The yield to maturity of a debt security estimates its total return only if the price of the debt security remains unchanged during the holding period and coupon interest is reinvested at the same yield to maturity. The total return of a debt instrument, therefore, will be determined not only by how much interest is earned, but also by how much the price of the security and interest rates change.

Interest Rates; Price. The price of a debt security generally moves in the opposite direction from interest rates (i.e., if interest rates go up, the value of the bond will go down, and vice versa). In general, securities with longer maturities are more sensitive to these price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt securities. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies (see "Credit Ratings" below). Prices often are closely linked with the company's stock prices and typically rise and fall in response to factors that affect stock prices. In addition, the entire high yield securities market can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sustained sales by major investors, a high profile default, or other factors.

Prepayment Risk. Lower rates motivate issuers to pay off fixed income securities if they're callable. The Fund may then have to reinvest the proceeds from such prepayments, if any, at lower interest rates, which can reduce its yield, if any. The unexpected timing of prepayments caused by the variations in interest rates may also shorten or lengthen the average maturity of the Fund's fixed income portfolio, if any. If left unattended, drifts in the average maturity of the Fund, if applicable, can have the unintended effect of increasing or reducing the effective duration of the Fund, if applicable, which may adversely affect the expected performance of the Fund.

Extension Risk. The other side of prepayment risk occurs when interest rates are rising. Rising interest rates can cause the average maturity of the Fund's fixed income portfolio, if any, to lengthen unexpectedly due to a drop in prepayments. This would increase the sensitivity of the Fund to rising rates and its potential for price declines.

Credit Ratings. Coupon interest is offered to shareholders of fixed income securities as compensation for assuming risk, although short-term Treasury securities, such as 3-month treasury bills, are generally considered "risk free." Corporate fixed income securities offer higher yields than Treasury securities because their payment of interest and complete repayment of principal is less certain. The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, the lower the quality rating of a security, the greater the risks that the issuer will fail to pay interest and return principal. To compensate shareholders for taking on increased risk, issuers with lower credit ratings

usually offer their shareholders a higher "risk premium" in the form of higher interest rates above comparable Treasury securities.

Changes in shareholder confidence regarding the certainty of interest and principal payments of a corporate debt security will result in an adjustment to this "risk premium." If an issuer's outstanding debt carries a fixed coupon, adjustments to the risk premium must occur in the price, which effects the yield to maturity of the bond. If an issuer defaults or becomes unable to honor its financial obligations, the bond may lose some or all of its value.

A security rated within the four highest rating categories by a rating agency is generally called "investment-grade" because its issuer is more likely to pay interest and repay principal than an issuer of a lower rated bond. Adverse economic conditions or changing circumstances, however, may weaken the capacity of the issuer to pay interest and repay principal.

Debt securities rated below investment-grade (junk bonds) are highly speculative securities that are usually issued by smaller, less credit worthy and/or highly leveraged (indebted) companies. A corporation may issue a junk bond because of a corporate restructuring or other similar event. Compared with investment-grade bonds, junk bonds carry a greater degree of risk and are less likely to make payments of interest and principal. Market developments and the financial and business condition of the corporation issuing these securities influences their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the junk bond market may make it more difficult to dispose of junk bonds and may cause the Fund to experience sudden and substantial price declines. A lack of reliable, objective data or market quotations may make it more difficult to value junk bonds accurately.

Rating agencies are organizations that assign ratings to securities based primarily on the rating agency's assessment of the issuer's financial strength. The Fund may, but is not required to, use ratings compiled by Moody's Investor Services ("Moody's"), Standard and Poor's Ratings Services ("S&P"), and Fitch. Credit ratings are only an agency's opinion, not an absolute standard of quality, and they do not reflect an evaluation of market risk. Furthermore, rating agencies often face conflicts of interest when rating securities (including, but not limited to, not maintaining appropriate independence from the issuers and underwriters), which may result in inaccurate ratings of securities or the failure to adjust credit ratings in a timely manner; such inaccurate ratings could adversely impact the Fund's investments and portfolio decisions.

The General Partner may use ratings produced by ratings agencies as guidelines to determine the rating of a security at the time the Fund buys it. A rating agency may change its credit ratings at any time. The Fund is not obligated to dispose of securities whose issuers subsequently are in default or which are downgraded. The Fund may invest in securities of any rating.

Municipal Securities and Tax Reform Risk. As the Fund may purchase the debt securities of municipal issuers, changes or proposed changes in federal tax laws could impact the value of those securities. Of particular concern would be large changes in marginal income tax rates or the elimination of the tax preference for municipal interest income versus currently taxable interest income. Also, the failure or possible failure of such debt issuances to qualify for tax-exempt treatment may cause the prices of such municipal securities to decline, possibly adversely affecting the value of the Fund's portfolio. In addition, the municipal market is a fragmented market that is very technically driven. There can be regional variations in economic conditions or supply-demand fundamentals. Municipals essentially cannot be shorted or be the subject of standard repurchase agreements, and any interest or other expenses incurred for their purchase cannot be deducted. The municipal market is also still predominantly a retail buyer driven market. For these reasons, it is subject to very different supply-demand fundamentals. Public information in the municipal market is also less available than in other markets, increasing the difficulty of evaluating and valuing securities. Many bonds in the municipal market are insured by private companies. Changes in market conditions affecting the bonds insured, the availability of capacity to

insure, or the downgrade of any or all of the insurers could have a negative impact on the municipal market and the Fund's performance.

There is no guarantee that municipal securities will remain free from taxation of the federal government and the state in which they were issued and that the Fund will be able to purchase municipal securities qualifying for tax-exempt treatment by any state. Unanticipated changes in state or federal tax law may materially impact the Fund. See also "Tax Risks" below.

Certain Credit Related, Mezzanine, and Subordinated Debt Investment Risks. When investing in credit related investments, including, but not limited to, subordinated debt instruments, the ability of the Fund to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the Fund of its rights as a creditor. Accordingly, the Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which the Fund may invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt instruments are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. The Fund's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected.

Fixed Income Liquidity Risks. Most of the Fund's fixed income securities may be highly liquid. However, high yield securities, which the Fund may own without limitation, generally are less liquid than higher quality securities. Many of these securities do not trade frequently, and when they do their prices may be significantly higher or lower than expected. At times, it may be difficult to sell these securities promptly at an acceptable price, which may limit the Fund's ability to sell securities in response to specific economic events or to meet withdrawal requests.

Auction Rate Securities ("ARS"). If there are more ARS offered for sale than there are buyers for those ARS in any auction, the auction will fail and existing holders of such ARS will not be able to sell some or all of the ARS for which they have submitted sell orders through the auction. The relative buying and selling interest of market participants in the ARS and in the auction rate securities market as a whole vary over time, and may be adversely affected by, among other things, news relating to the issuer, the attractiveness of alternative investments, the perceived risk of owning the ARS (whether related to credit, liquidity or any other risk), the tax or accounting treatment accorded the ARS (as further described in part below), reactions of market participants to regulatory actions or press reports, financial reporting cycles and market conditions generally. Shifts of demand in response to any of the foregoing factors cannot be predicted and may be short lived or exist for longer periods.

Corporations are generally big buyers of ARS due to their attractive yields; however, there have been various interpretations from accounting firms over the past couple of years as to whether corporations can classify ARS as cash and cash equivalents on their balance sheets. If a strict interpretation of this ruling were to cause corporations to reduce and/or eliminate their exposure to ARS, this could lead to reduced demand that could possibly cause disruptions in the auction process.

Investment banks that issue ARS and run the auction process for the life of the bond are not legally bound to ensure an orderly market. A secondary market for ARS may not develop, continue, or be sufficiently liquid for re-sales. Any auction procedures and transfer requirements may limit the liquidity and marketability of ARS and may not yield a holder thereof the best possible price. Furthermore, issuers generally have the ability to convert an ARS into a long-term bond, thereby eliminating the auction process and the systematic yield resets.

Credit and Sub-Prime Risks. Developments in the credit market may have a substantial impact on the companies that the Fund invests in, and may in large part affect the success of such companies. Events in the sub-prime mortgage market have at times caused a decrease in global liquidity and significant dislocations and volatility in the structured credit, leveraged loan and high-yield bond markets, as well as in the wider global financial markets. Since 2007, the U.S. credit markets have been dealing with the effects of numerous defaults by homeowners on "sub-prime" mortgage loans. During 2007 and 2008, these defaults had also begun to increase with respect to mortgages considered to be of less credit risk than "sub-prime" mortgages. It is expected that mortgage default rates may continue to increase potentially beyond 2012. These defaults have not only had a materially adverse impact on the spending power of the borrowers of such defaulted mortgage loans, but have also reduced the value of investment portfolios containing securities affected by such mortgages. To the extent that such marketplace events are not temporary and continue, this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the companies that the Fund invests in may suffer a partial or total loss of capital loaned to, or invested in, such companies, which could, in turn, have an adverse effect on the Fund's returns. The sub-prime and credit crisis could cause significant market disruption and may restrict the ability of the Fund, or the companies that the Fund invests in, to sell or liquidate investments at favorable times or for favorable prices.

Management Risks

Officers of the General Partner Not Full Time. The General Partner and its members, officers and employees, and their respective affiliates, will devote the time and effort that they deem adequate to develop and operate the Fund's business, but may not devote their full working time to the operations of the Fund. In addition, they are not prohibited from engaging in other investment related activities similar to or different from the investment activities engaged in by the Fund. The members, managers and employees of the General Partner and its respective affiliates who perform services for the Fund, may also perform similar or different services for others or for their own account and, accordingly, may have conflicts in allocating management time, services and functions among the Fund and other accounts for which they provide services, including other affiliates of the General Partner. In addition, the General Partner may manage accounts for other clients. There is no specific limit as to the number of accounts which may be managed or advised by the General Partner. In connection with its advisory activities on behalf of other accounts or entities, the General Partner may receive compensation which exceeds that which is received from the Fund. In such event, the General Partner may have an incentive to favor such other accounts and/or entities. The performance of the Fund could also be adversely affected by the manner in which particular orders are entered or trades are allocated for all such other accounts and entities; however, the General Partner will allocate trades fairly and reasonably with respect to the Fund.

Lack of Management Control by Limited Partners. Under the Limited Partnership Agreement, the Limited Partners do not have the right to participate in the management, control or operation of the Fund or to remove the General Partner.

Reliance upon General Partner. The success of the Fund depends on the ability of the General Partner to identify, select and realize investments consistent with the Fund's objectives. See "The Fund and the General Partner."

Dependence of the Fund on Key Individuals. The Fund is dependent on the experience and expertise of the principal officers of the General Partner. In the event of death, disability or departure of such persons, the business of the Fund could be adversely affected. In the event of the dissolution of the General Partner, the Fund shall, pursuant to the terms of the Limited Partnership Agreement, dissolve and its assets shall be liquidated and appropriately distributed unless Alan Grayson elects to continue the business and appoint one or more new general partners within ninety (90) days.

Limited Assets for Investor Recourse. The General Partner is thinly capitalized and is not expected to have, or retain, any material amount of assets, which means there may be limited backstopping (if any) for Investor claims (if any), against the General Partner.

Fund Risks

Proprietary Investment Strategies. The General Partner may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investors. These strategies may involve risks under some market conditions that are not anticipated by the General Partner. The General Partner generally uses investment strategies that are different from those typically employed by traditional managers of portfolios of stocks and bonds. Such strategies may not be, or may become less, profitable over time, if at all, as the General Partner and competing asset managers or investors manage a larger group of assets in the same or similar manner or market conditions change. The strategies employed by the General Partner may involve significantly more risk and higher transactions costs than more traditional investment methods.

Lack of Transferability of Interests. At present there is no public market for the Interests, and no public market for the Interests is contemplated. The Interests have not been registered under the 1933 Act or the Company Act and may not be transferred unless so registered or an exemption from registration is available. Consequently, the Interests are restricted securities and will not be liquid investments. Even if a purchaser for a Limited Partner's Interest is available, approval of the transfer by the General Partner (which may deny such approval in its absolute discretion) and satisfaction of certain requirements specified in the Limited Partnership Agreement will be required before any transfer may occur.

Distributions. Distributions, if any, will be made at the discretion of the General Partner. There is no guarantee that the Fund will generate any income or gains, and it is anticipated that the General Partner will reinvest net investment income and net realized investment gains. The Fund's ability to pay distributions will be in large part dependent upon the Fund receiving distributions or redemptions from the Master Fund. Distributions, if any, will be made in cash or in kind in the discretion of the General Partner. If, in the sole discretion of the General Partner, a distribution is made, it will generally be made in accordance with the positive balances of the Partners' Capital Accounts as adjusted. However, notwithstanding any other statement herein, the General Partner may make distributions at any time to some or all Limited Partners as determined in its sole discretion (including based on estimated values with respect to Designated Investments or Fund assets generally when it is not reasonable for the Fund to fairly determine the value of the Fund's assets). The General Partner may not pay distributions in amounts sufficient to pay current taxes due on such Limited Partner's Interest in the Fund. The General Partner may make distributions to itself from its Capital Account at any time. Investors should be aware that they will be taxed annually on Fund income and realized gains, if any, whether or not they receive any cash distributions from the Fund.

Negotiation of the Limited Partnership Agreement. The General Partner has generally determined the terms of the Limited Partnership Agreement, which were not negotiated on an arm's-length basis. Legal counsel for the General Partner has not acted as counsel for or represented the interests of the Limited Partners. Potential Investors should consult with their own legal counsel with respect to the Fund.

Lack of Insurance. The assets of the Fund are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the Federal Deposit Insurance Corporation or with brokers insured by the Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Fund may be unable to recover all of its funds or the value of its securities so deposited.

Lack of Operating History. Each of the Fund and the General Partner is recently organized and has no operating history with third party money upon which Investors may evaluate its possible performance.

Portfolio Turnover. The Fund intends to purchase or sell short a given security whenever it believes the transaction will contribute to its stated objective, even if the same security has only recently been traded. Similarly, a security position may be liquidated regardless of its holding period, whether the liquidation is at a gain or at a loss. It is generally not possible to estimate the rate of turnover and any portfolio turnover may be significant. Turnover may lead to realization of taxable gains for Limited Partners and increased brokerage and other transaction costs borne by Limited Partners.

Withdrawals. There are a number of restrictions on withdrawals. Withdrawals are generally only permitted after a six month holding period. Thereafter, withdrawals may only be made quarterly upon not less than one hundred twenty (120) days notice prior to the end of a calendar quarter. If the aggregate of all withdrawals by Limited Partners in any calendar quarter exceeds 15% of the Fund's net assets, then each Limited Partner requesting a withdrawal shall only be permitted to withdraw a pro-rata portion of its requested withdrawal amount so that the total of all such withdrawals equal 15% of the Fund's net assets. Furthermore, notwithstanding any other statement herein, the General Partner may limit or prohibit withdrawals, notwithstanding whether or not valuation of the Fund's assets have been suspended, including under extraordinary or emergency circumstances or if, in its discretion, such withdrawals would not be in the best interests of the Fund or maximize the return available by having to sell an investment to satisfy such withdrawals; in addition to the foregoing reasons, in the General Partner's sole discretion, the Fund may also refuse requests for withdrawals or delay withdrawals or payments if the Master Fund suspends or limits withdrawals with respect to the Fund or if the Fund is not sufficiently liquid, which shall be determined in the sole discretion of the General Partner. In any of the foregoing circumstances, the Management Fee and Performance Fee will still be applied to the Interests (including based on estimates of the Fund's assets and Capital Account values in the event that withdrawals and/or valuation of the Fund's assets are suspended). The Fund may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor withdrawals. Valuation estimates may cause uncertainty in the withdrawal amount the Investor will receive. Some of the Fund's non-U.S. investments may pose valuation and liquidity risks and there is no guarantee that such limited withdrawal rights will allow an Investor to withdraw all, or any portion of, its investment at the most opportune time, if any. Accordingly, a Limited Partner should view its investment in the Fund as a longer-term investment than many hedge funds. As a result, Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. For a more detailed description of withdrawal restrictions, see "WITHDRAWALS".

Additionally, substantial withdrawals within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Fund's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recapture losses due, among other things, to reductions in the Fund's ability to take advantage of particular investment opportunities.

Designated Investments. The General Partner may designate some or all of the investments held directly or indirectly by the Fund as "Designated Investments" (an accountant sometimes refers to Designated Investments as "side pockets") if such investments are, in the judgment of the General Partner, long-term, illiquid or without a Readily Ascertainable Market Value (defined below). An illiquid or other investment will generally, but is not required to, be maintained on the Fund's books as a Designated Investment at least until such Designated Investment has a "Readily Ascertainable Market Value", which means a value is established (or re-established, as the case may be) when (i) a Designated Investment becomes liquid (including, without limitation, when there is trading activity, over-the-counter or otherwise, of the securities constituting the Designated Investment which activity the General Partner determines, in its sole discretion, reasonably values the Designated Investment), (ii) a Designated Investment is disposed of by the Fund at arms-length for consideration other than for another Designated Investment, or (iii) circumstances otherwise exist that, in the sole discretion of the General Partner, a value other than Book Value or a prior Recently Ascertainable Market Value (including, without limitation, when a certain passage of time occurs or when additional securities substantially similar to the Designated Investment have been issued by the issuer of the Designated Investment) can be reasonably established. Accordingly, the General Partner may adjust the value of a Designated Investment in circumstances in

which there is not a traditional "value event". Designated Investments may include cash reserves as determined prudent by the General Partner to support such investments or provide for follow-on investments. Notwithstanding any other statement herein, the General Partner may, in its sole discretion, maintain an investment as a Designated Investment whether or not such Designated Investment has a Readily Ascertainable Market Value. Interests acquired after the Fund's direct or indirect acquisition of a Designated Investment may, in the sole discretion of the General Partner, not participate in the gain, loss or income of such Designated Investment. The Management Fee and Fund expenses will apply to, and be charged against, the portion of any Limited Partner's Capital Account attributed to a participating interest in a Designated Investment based upon the lower or higher of Book Value or fair value assigned to such participating interest, as determined in the sole discretion of the Investment Manager (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Incentive Allocation will immediately apply to any Profit allocated to a Capital Account attributable to a Designated Investment. A follow-on investment to a Designated Investment shall be treated as an independent Designated Investment.

In the event that you withdraw all or some of your Interest(s) prior to the sale or other disposition of any Designated Investment(s) in which you participate, unless the General Partner determines otherwise, your economic interest in such Designated Investment(s) may be maintained until the sale or other disposition of the Designated Investment(s) by the Fund. In such event, for so long as the Fund continues to own or hold such Designated Investment(s), you would (a) remain entitled to receive your allocable share of the gains, losses and expenses (i.e. Fund expenses) related thereto but (b) would be a Limited Partner in the Fund only to the extent of your interest in Designated Investments.

In its sole discretion, the General Partner instead may allow or require a Limited Partner to redeem, in cash or in kind, its participating interest in a Designated Investment. If such a redemption is made, the redeeming Limited Partner will have no further participating interest in such Designated Investment and the General Partner may elect to mark, in its sole discretion, the value of the redeemed interest in such Designated Investment as of the Withdrawal Date at the lower or higher of Book Value or fair value (with an option to mark the value of the redeemed interest in such Designated Investment as of the Withdrawal Date at fair value). In any case, especially if the lower value is used, such redeemed interest may not reflect the full value realizable over time by the Fund from the holding of the Designated Investment.

Involuntary Liquidation of a Limited Partner's Interest. The General Partner may, in its sole discretion, upon written notice to any Limited Partner, terminate and redeem the interest of any Limited Partner in the Fund.

Trade Error Risks. On occasion, errors may occur with respect to trades executed on behalf of the Fund. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, when the correct security is purchased or sold but for the wrong account, and when the wrong quantity is purchased or sold (e.g. 1,000 shares instead of 10,000 shares are traded). Trade errors frequently result in losses but may, occasionally, result in gains. The General Partner will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, the General Partner will strive to recover any losses associated with such error from such third party. The General Partner, in its sole discretion, will determine whether any trade error has resulted from gross negligence on its part, and, unless it finds that to be the case, any losses will be borne by (and any gains will benefit) the Fund. Investors should be aware that, in making such determinations, the General Partner will have a conflict of interest.

Valuation Risks. The Fund's liquid assets, as determined in the sole discretion of the General Partner, will be valued monthly, or more frequently if there are permitted mid-month investments or withdrawals. For liquid assets (i.e. securities with readily available market quotations), valuations will generally be based upon the closing price or final bid price for a security held long and closing price or asked price for a short position on the applicable exchange or market as of the close of business. For purposes of the Fund's annually audited financial statements, the General Partner or its delegate will try to determine the

fair value of any illiquid assets of the Fund (i.e. securities without readily available market values, including, but not limited to, any Designated Investments) at least annually. However, for purposes of the accounting of the Fund's Capital Accounts, the Fund may carry illiquid assets at the lower or higher of Book Value or fair value, as determined in the sole discretion of the General Partner (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The General Partner, or its delegate, may further adopt, in connection with the foregoing, detailed or simple (e.g. cost) valuation methods and procedures to override valuations provided by methods described above when it deems such prices unreliable. However, mistakes may be made in valuations, which may cause them to be inaccurate. There is no guarantee that valuations will represent the value that will be realized by the Fund on the eventual disposition of any Security. Furthermore, the value of any Security may decrease due to subsequent events. Therefore, valuations may not reflect a decrease in the value of any Security due to events subsequent to the date of the valuations. As a result of any of the foregoing, Limited Partners withdrawing from the Fund, prior to realization of any Security not designated as a Designated Investment at the time of purchase by the Fund, may not necessarily participate in gains or losses therefrom. Inaccurate valuations may impact the Management Fee, Incentive Allocation, and the Capital Accounts of Investors whether or not they invest or redeem based on such valuations. See "Valuation of Investments" under "CONFLICTS OF INTEREST". Furthermore, once a Limited Partner withdraws, notwithstanding any inaccurate valuations at the time of such withdrawal, such Limited Partner no longer has any claims with respect to its past Interest if it turns out such Interest was really worth more; however, notwithstanding any other statement herein, the Fund may seek, and Limited Partners agree to allow the Fund, to recover amounts distributed to Limited Partners if such amounts are later found to have been distributed in excess based on: (1) later, more accurate, valuations; or (2) the discovery or recognition after any period of a liability that relates to the period in which such distribution was based upon. The Fund may, but is not required to, designate any illiquid or other Security as a Designated Investment. Absent bad faith or manifest error, the General Partner's asset value determinations are conclusive and binding on all Limited Partners.

For future Investors in the Fund, the General Partner may, in effect, "sell" a piece of each current Investor's indirect interest in each specific investment to such future Investors. Implicit in any such "sale" is that the Fund carries each such investment at an estimated fair value, which may be cost. If the General Partner's estimate of fair value is wrong under such circumstances, say too low, then the General Partner may have "sold" it to the future Investor at a discount, which may be viewed as an adverse consequence to current Investors. Conversely, if the estimated fair value is too high a value for such investment, any future Investor will be "paying" too much for such investment, which may be viewed as an adverse consequence to future Investors.

Cayman Islands Residence of the Master Fund. The Master Fund is established and has its registered office in the Cayman Islands. The books and records of the Master Fund will generally be maintained by the Administrator in the United States. The register of limited partnership interests of the Master Fund will be maintained, or caused to be maintained by the General Partner, at the Master Fund's registered office in the Cayman Islands and is also open to inspection by any partner or any other person with the consent of the General Partner, during normal business hours. The courts of the Cayman Islands may decline to accept jurisdiction in an action in certain circumstances, including where it determines that another jurisdiction is a more appropriate forum. For instance, it is likely that the courts of the Cayman Islands would decline to accept jurisdiction in respect of any claim by an investor for breach of non-Cayman securities regulations. Subject to certain limitations, however, the courts of the Cayman Islands will recognize and enforce a foreign judgment of a court of competent jurisdiction.

Absence of Regulatory Oversight. This offering has not been registered under the 1933 Act in reliance on the exemptive provisions of Section 4(2) of the 1933 Act and Regulation D promulgated thereunder. Similar reliance has been placed on apparently available exemptions from securities qualification requirements under applicable state securities laws. No assurance can be given that the offering currently qualifies or will continue to qualify under one or more of such provisions due to, among other things, the adequacy of disclosure and the manner of distribution, the existence of similar offerings in the past or in the future, or the retroactive change of any securities law or regulation. If, and to the extent

that, claims or suits for rescission are brought and successfully concluded for failure to register this offering or other offerings or for acts or omissions constituting offenses under the 1933 Act, the Exchange Act or applicable state securities laws, the Fund could be materially and adversely affected, jeopardizing the ability of the Fund to operate successfully. Furthermore, the human and capital resources of the Fund and the General Partner could be adversely affected by the need to defend actions under these laws, even if the Fund is ultimately successful in its defense.

The General Partner believes that, by virtue of Section 3(c)(1) of the Company Act, the Fund should not be deemed to be an "investment company" and, accordingly, should not be required to register as such under the Company Act. That provision depends, in part, however, on the Fund's voting securities (if the limited partnership interests were to be deemed "voting securities" for purposes of Section 3(c)(1) of the Company Act) being held by not more than 100 U.S. beneficial owners. The rules and interpretations of the SEC and the courts, relating to the definition of "voting securities" and the counting of "beneficial owners" are highly complex and uncertain in numerous respects. As a result, no assurance can be given that the Fund will not be deemed an "investment company" for purposes of the Company Act and required to register as such thereunder, in which event the Fund and the General Partner could be subject to legal actions by regulatory authorities and others and could be forced to dissolve. The costs of defending any such action could constitute a material part of the Fund's assets and dissolution could have materially adverse effects on the Fund and the value of the Interest.

Securities and investment businesses generally are comprehensively and intensively regulated under state and federal laws and regulations. Any investigation, litigation or other proceeding undertaken by state or federal regulatory agencies or private parties could necessitate the expenditure of material amounts of the Fund's funds for legal and other costs and could have other materially adverse consequences for the Fund.

The Fund is not registered and does not intend to register as an investment company under the Company Act, in reliance upon an exemption available to privately offered investment companies. Accordingly, the Fund will not be subject to the provisions of such statute, such as conflict of interest rules, requirements for disinterested directors and other substantive provisions which were enacted to protect investors. Neither the General Partner nor the Investment Manager is registered as an investment adviser under the Advisers Act (or any similar state law).

Pursuant to rules of the Commodity Futures Trading Commission ("CFTC"), the General Partner and Investment Manager are not required to register and are not registered with the CFTC as a Commodity Pool Operator ("CPO"). To be exempt from registration as a CPO, the rules require that the aggregate notional value of the Fund's commodity interest positions does not exceed one hundred percent of the liquidation value of the Fund's portfolio or the aggregate initial margin and premiums required to establish such positions not exceed 5% of such liquidation value. With respect to the Fund's indirect investments in commodities through its investments in other funds, if any, the Fund may satisfy these percentage limitations by allocating no more than 50% of the Fund's assets to other funds that trade commodity interests (without regard to the level of commodity interest trading engaged in by such other funds). Additionally, pursuant to CFTC rules, the General Partner and Investment Manager are not required to register, and are not registered, with the CFTC as a Commodity Trading Advisors ("CTAs"). The General Partner and Investment Manager have filed claims of exemption with the National Futures Association with respect to the foregoing exemptions. As a result of these exemptions, the General Partner and Investment Manager are not subject to certain statutory provisions and regulations intended to protect commodity pool investors, nor is the General Partner or Investment Manager currently subject to examination by the CFTC, NFA or state regulatory authorities with respect to its commodity trading activities.

Registration under the Cayman Islands Mutual Funds Law (Revised) does not involve a detailed examination of the merits of the Master Fund or substantive supervision of the investment performance of the Master Fund by the Cayman Islands government or the Cayman Islands Monetary Authority. There is

no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favor of or available to the investors (e.g. the Fund) in the Master Fund.

Increased Regulations. Events during the past few years (including market volatility and disruptions and the bankruptcy, failure, improper practices, and adverse financial results of certain financial institutions, trading firms, and private investment funds) have focused attention upon the necessity of firms engaging in the trading of highly leveraged securities, commodities, and derivatives to maintain adequate risk controls and compliance procedures. In addition, these events have led to increased governmental and self-regulatory authority scrutiny of various trading participants and the "hedge fund" industry in general, particularly with regard to business practices, short sales, transparency and monitoring of trading positions, and protection of customer funds. Regulators have increased scrutiny, reporting requirements, restrictions, and regulations pertaining to short sales of Securities (including, but not limited to, short sales of publicly traded financial companies and transactions in excess of \$10,000,000), regardless of whether or not the entity engaging in shorting investment activities is a public or private entity; such regulations may limit the Fund's strategy and increase compliance risks to the Fund. Additionally, inquiries have been conducted to ascertain the investor protection implications of the growth of private investment funds, and proposals have been made with regard to best business practices and additional regulation of such funds, their operators and advisers, and certain of their activities, including proposed restrictions on certain types of trading and proposals for increased public and private disclosure of financial, trading, and risk management information. The regulation of futures, forward and options transactions in the United States is a rapidly changing area of law and is subject to modification by government and judicial action. In addition, various national governments have expressed concern regarding the disruptive effects of speculative trading in the currency markets and the need to regulate the "derivatives" markets in general. Any regulations that restrict the ability of the Fund to employ, or broker-dealers and counterparties to extend, credit in connection with the Fund's trading, or otherwise restrict the Fund's trading activities, or require the Fund to disclose proprietary information, or subject the Fund to additional regulation, could adversely impact the Fund's profit potential.

Incentive Allocation and Other Risks. The Incentive Allocation as described below may create an incentive for the Master Fund to make investments that are riskier than it would otherwise make. In addition, because the Incentive Allocation is calculated on a basis that includes unrealized appreciation of the Master Fund's assets, it may be greater than if such allocation was based solely on realized gains. The Incentive Allocation is calculated over a period of time shorter than that used by many investment funds, which increases the risk that an Investor will pay a performance fee for only short-term positive performance. In addition, the General Partner's capital contribution to the Fund may be relatively small, so that the Master Fund may make riskier investments than would otherwise be the case.

The Master Fund's "high water mark" provision means that if there is a loss carryforward in a prior calendar quarter, no Incentive Allocation will be paid with respect to any subsequent calendar quarter until the aggregate Profit in such subsequent calendar quarter is greater than the sum of such net Loss, for that and such preceding calendar quarters, and then, only to the extent that the Profit exceeds the loss carry forward (the "High Water Mark"). While generally the High Water Mark seeks to achieve, but does not guarantee, that you (indirectly) will only incur an Incentive Allocation on cumulative Profits, the Incentive Allocation may be made even if the Master Fund doesn't generate a Profit over the life of your investment, indirectly through the Fund, in the Master Fund. The Incentive Allocation will, in certain circumstances, be calculated separately for each Designated Investment and the Master Fund's other investments. For example, Loss realized with respect to a Designated Investment after the withdrawal of a Limited Partner will not reduce the Incentive Allocation with respect to Profit on the Master Fund's other investments or on other Designated Investments prior to the withdrawal of such Limited Partner. Conversely, Loss realized with respect to a Designated Investment prior to the withdrawal of a Limited Partner will reduce the Incentive Allocation with respect to Profit on the Master Fund's other investments or on other Designated Investments realized during that Accounting Period or, to the extent there is loss carryforward from such Loss, future Accounting Periods. However, any Loss resulting from a Designated Investment will not offset Incentive Allocations already earned for prior periods.

There is a potential conflict of interest between the responsibility of the Investment Manager to maximize profits from investment and trading and the possible desire of the Investment Manager to avoid taking risks which might reduce the net asset value of the Master Fund and, consequently, reduce, indirectly, the Management Fee paid to the Investment Manager. Conversely, there is also a potential conflict of interest between the responsibility of the Investment Manager to minimize risk from investment and trading and the possible desire of the Investment Manager to take excessive risks in order to increase the net asset value of the Master Fund and, consequently, increase, indirectly, the Management Fee paid to the Investment Manager.

Use of Side Letters. The Fund may from time to time seek to induce investment by offering investment terms which are not available to other investors in the Fund. In such cases the parties may enter into a written side arrangement varying the terms of the offer. Such variations may include, without limitation, variations to fees, minimum investment or redemption terms, with the effect that not all investors in the Fund will invest on the same terms and some investors may enjoy more favorable terms and information than other investors. There is no limit with respect to the percentage of Investors who may receive side letters in the General Partner's discretion. Accordingly, a significant percentage of Investors may have special rights.

In some cases you may be at a disadvantage and suffer losses if we grant other Investors preferred access to information, especially if coupled with preferred rights to redeem. We believe such practice to be reasonable however, because it is fully disclosed, and we expect that in many cases preferential terms will be given to large Investors or early Investors who provide benefits of scale to the Fund that benefit all Investors.

Similarly, the General Partner of the Master Fund may from time to time seek to induce investment from financial institutions by offering investment terms which are not available to other investors in the Master Fund. In such cases the parties will enter into a written side arrangement varying the terms of the offer. Such variations may include, without limitation, variations to fees, minimum investment or redemption terms, with the effect that not all investors in the Master Fund (i.e. the Fund) will invest on the same terms and some investors may enjoy more favorable terms than other investors.

No Separate Counsel. Holland & Knight LLP acts as U.S. counsel to the Fund and the Investment Manager in connection with its offering of Interests. Maples & Calder acts as Cayman Islands counsel to the Master Fund. In connection with the Fund's offering of Interests and subsequent advice to the General Partner, Investment Manager, and/or Directors of the Master Fund and their affiliates, neither Holland & Knight LLP nor Maples & Calder represent Investors of the Fund or Master Fund. No independent counsel has been retained to represent Investors of the Fund or Master Fund.

Tax Risks

Generally. The Fund will not seek rulings from the Internal Revenue Service ("IRS") or any legal opinion with respect to any of the federal income tax considerations discussed in this Memorandum. Moreover, the Fund may take positions as to which the tax consequences are unclear. All statements contained in this Memorandum concerning the federal income tax consequences of an investment in the Fund are based upon existing law as contained in the Internal Revenue Code and administrative and judicial interpretations thereof. No assurance can be given that the currently anticipated income tax treatment of an investment in the Fund will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of the Limited Partners. A brief summary of some but not all of the tax consequences and attendant risks of an investment in the Fund is included in this Memorandum. See "INCOME TAX TREATMENT OF LIMITED PARTNERS."

Partner's Tax Liability May Exceed Distribution. Limited Partners may be liable for taxes on amounts of income allocated to them even though no distributions are made and even though the transaction that results in the gain does not generate any cash. Also, the Fund might sustain losses offsetting such profits after the end of the year, and the Partners may never receive the profits on which they were taxed.

Disallowance of Certain Items. The right of Limited Partners to take deductions for certain expenses or losses may be challenged by the IRS, whose position may be sustained in the courts. No assurance can be given that any losses or deductions or other potential federal income tax advantages described in this Memorandum or in the tax opinion, or which prospective investors may otherwise contemplate, will be available for federal income tax purposes.

Characterization of Items. The IRS may take the position that gains treated by the Fund as capital gains are ordinary income, or that capital gains treated by the Fund as long-term are short-term, or that losses treated by the Fund as ordinary losses are capital losses. No assurance can be given that the treatment by the Fund of these or similar characterization issues will be ultimately sustained.

Audit Risks. The Fund must file annual federal information returns and may also be required to file state and local information returns. Any return filed by the Fund may be audited and any such audit may result in adjustments and in an audit of a Limited Partner's own tax return. Such an audit could result in adjustments to non-Fund as well as Fund items and could involve additional expenses for the Limited Partner being audited.

Accounting for Uncertainty in Income Taxes. ASC 740, "Income Taxes" (in part formerly known as "FIN 48"), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Fund, including reducing the net asset value of the Fund to reflect reserves for income taxes, such as foreign withholding taxes, that may be payable in respect of prior periods by the Fund. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the Fund.

U.S. Source Payments to the Master Fund and Other Funds and Managers May Be Subject to Withholding Under the HIRE Act. The Hiring Incentives to Restore Employment Act (the "HIRE Act") and recently issued IRS guidance provide that a 30% withholding tax will be imposed on certain payments of U.S. source income made on or after January 1, 2014, and certain payments of proceeds from the sale of property to a non-U.S. fund that could give rise to U.S. source interest or dividends made on or after January 1, 2015, unless such fund enters into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, an interest in such fund, as well as certain other information relating to such interest. Although the Master Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that it or any Other Fund and Manager will be able to satisfy its obligations under the HIRE Act. If the Master Fund or an Other Fund and Manager becomes subject to a withholding tax as a result of the HIRE Act, the return of all Partners may be materially affected. Prospective Investors are encouraged to consult with their own tax advisors regarding the possible implications of the HIRE Act on their investment in the Fund.

The foregoing list of risk factors does not purport to be a complete enumeration of the risks involved in an investment in the Fund. Prospective Investors should read the entire Memorandum and consult with their own advisors before deciding to subscribe for an interest.

Prospective Investors should consult their tax advisor with specific reference to their own tax situations for a complete and comprehensive discussion, analysis and explanation of the federal income tax considerations applicable to an investment in the Fund, as well as the application and effect of state, local and other tax laws and any possible changes in the tax laws after the date hereof.

THE FUND; MASTER FUND; GENERAL PARTNER; & INVESTMENT MANAGER

Organization. The Grayson Fund, LP (the "Fund") is a private investment fund that was organized as a limited partnership under the laws of Delaware on April 19, 2011. The Fund currently intends to conduct all of its investment and trading activities through The Grayson Master Fund (Cayman) Ltd., a Cayman Islands exempted limited partnership registered under the Exempted Limited Partnership Law (as revised) of the Cayman Islands (the "Master Fund"), for which the General Partner and Investment Manager (each defined below) serve as the general partner and investment manager, respectively. The Master Fund is regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands ("Mutual Funds Law"). The Cayman Islands Monetary Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. The General Partner has the general authority to operate the business of the Master Fund and has delegated investment discretion over the Master Fund's assets to the Investment Manager. The Master Fund will issue its interests to, and act as a central investment mechanism for, the Fund and one or more other investment vehicles or feeder funds including The Grayson Fund (Cayman) Ltd., which has been formed to meet the needs of U.S. tax exempt and non-U.S. investors. The Fund will own one class of interests of the Master Fund, which may create additional series or classes of interests, having the same or different terms as the class owned by the Fund, for additional investors or feeder funds in the future. While the Fund's investment activities will be conducted indirectly (through its investment in the Master Fund), the Fund will not be precluded from subsequently making direct investments consistent with the investment program described in this Memorandum. Documents relating to the Master Fund are available upon request. See also "THE MASTER FUND". Neither the Fund nor Master Fund intend to register under the Investment Company Act of 1940, as amended (the "Company Act"), by virtue of section 3(c)(1) thereunder and, accordingly, will have no more than 100 U.S. beneficial owners.

The General Partner and Investment Manager. The Fund's general partner is The Grayson Fund General Partner, LLC (the "General Partner"), a limited liability company organized under the laws of Delaware on April 19, 2011. The Fund's investment manager is The Grayson Fund Management Company, LLC (the "Investment Manager"), a limited liability company organized under the laws of Delaware on April 19, 2011. Alan Grayson and/or related family entities or persons are the sole members of the General Partner and Investment Manager. Neither the General Partner nor the Investment Manager is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), (or any similar state law). Alan Grayson (or his designee) will have initial primary responsibility for the Fund's investment decisions. Todd Jurkowski will generally oversee marketing, investor relations and certain administrative activities for the Fund. The address for the Fund, General Partner, and Investment Manager are as set forth in the Directory.

Advisory Board. The General Partner and/or Investment Manager currently intend, but are not required, to establish an advisory board (the "Advisory Board") to regularly and periodically provide such advice and counsel as is requested by the General Partner and/or Investment Manager in connection with general business and/or other matters related to the Fund (currently expected to include, but not be limited to, fund policies and investment strategies); the members of the Advisory Committee shall be appointed and removed in the sole discretion of the General Partner and/or Investment Manager and are currently expected to include affiliates of the General Partner or Investment Manager (namely, employees), but may also include, in the sole discretion of the General Partner and/or Investment Manager, Investors and unrelated third parties (which may pose certain conflicts of interest). The General Partner and Investment Manager will retain ultimate responsibility for all decisions relating to the operation and management of the Fund, including investment decisions.

Key Personnel of the General Partner and/or Investment Manager.

Alan Grayson

Alan Grayson is the former U.S. Representative for Florida's 8th congressional district, serving from 2009 until 2011. He served on the Financial Services Committee, as well as the Subcommittees on Capital Markets and on Oversight and Investigations.

Alan has travelled extensively throughout his life. He visited more than 180 countries, including every country with a stock market. Alan has owned between one and ten percent of a dozen public companies, and has traded nearly \$200 million in stock in his personal accounts before starting The Fund.

Alan grew up in the Bronx and graduated from the Bronx School of Science. He went on to Harvard and earned a bachelor's degree in only three years, with high honors, and he was Phi Beta Kappa. Alan graduated from Harvard in the top two percent of his class.

Alan took economics classes at Harvard, and he worked as an economist after college. But he decided to go back to school, and learn more. He returned to Harvard. In only four years, Alan received a J.D. with honors from Harvard Law School, Alan earned a master's degree from the Harvard School of Government, and Alan finished all of the course work and passed the general exams for a Ph.D. in Government.

In the early 1990s, Alan took leave from the practice of law, and joined with others to start a business. Alan was the first President of IDT Corp., a telecom/internet company. The business started on the second floor of a funeral home. It grew to be a \$2 billion-a-year business, on the Fortune 1000 list, and traded on the New York Stock Exchange.

Later, Alan decided to leave that business, and return to the practice of law. Alan began to represent whistleblowers, who witnessed fraud against the Government. Alan is the only attorney to bring a fraud case to trial against those who profited illegally from the war in Iraq, and win.

Alan and his wife, Lolita, live in Orlando, Florida, with their five children: Skye, Star, Sage, Storm and Stone.

Todd Jurkowski

Todd Jurkowski holds the title of "Vice President of Investor Relations" at the Investment Manager. Prior to that, he worked as Communications Director for Congressman Alan Grayson (D-Fla.). He came to Capitol Hill after working for 13 years as a television anchor and reporter. During his journalism career, Todd won an Emmy and was recognized by the Associated Press and Society of Professional Journalists for his reporting, which focused primarily on politics. He also worked as an adjunct instructor of journalism at the University of Central Florida.

Todd graduated from Florida State University with degrees in communications and political science. In college, he was elected president and treasurer of the F.S.U. chapter of Delta Tau Delta Fraternity and served on the campus Judicial Board.

Todd lives in Orlando with his wife and daughter.

There has not been any material administrative, civil or criminal action against the General Partner or any principal thereof.

Prime Broker

The Fund may retain at its own expense one or more financial institutions or brokers as prime broker. Currently, the Fund intends, but is not required, to utilize ConvergeX Prime Services LLC as its prime broker. ConvergeX Prime Services LLC's address is as set forth in the Directory. Unless the Fund hires a separate custodian, any prime broker (or its affiliates) generally also will provide or arrange for custody for the assets of the Fund. For more information regarding any prime broker the Fund may utilize, please refer to the Fund's directory for relevant contact information, contact the General Partner, or refer to the prime broker's websites or other publicly available information. Notwithstanding any other statement herein, the Fund may, in its sole discretion, add or change one or more prime brokers, if any, without notice to Investor at any time. Accordingly, Investors may periodically ask the Investment Manager about the status of the Fund's prime broker, if any.

The prime broker processes certain trades and may receive and deliver securities, act as custodian, and provide daily and other frequent portfolio accounting and tax reports if these functions are not performed by the General Partner. Such prime broker may, at the request of the Fund, open accounts with brokers or other intermediaries in the name of the Fund and may make such arrangements concerning trading authorizations and other forms of authority with respect to such accounts or accounts as it deems advisable. The prime broker may not be responsible for the safekeeping of investments or cash deposited with or remaining in any such account or accounts and may not be liable for any loss occasioned by reason of the liquidation, bankruptcy or insolvency of such broker or other intermediary. Any assets of the Fund which are deposited as margin with such accounts need not be segregated and may be available to the creditors of such brokers or other intermediaries. Otherwise, the Fund assets held by brokers or other intermediaries generally will be held in segregated accounts so as to attempt to ensure their protection for the Fund. The use of multiple prime brokers could pose risks that no single broker has access to all the data needed to assess properly the leverage employed by the Fund.

Certain risks may materialize when utilizing any prime broker for any of the foregoing or other services. Because Securities of the Fund held by broker-dealers (i.e. prime brokers) generally may not be required to be held in the Fund's name, a failure of such a broker-dealer may have a greater adverse impact on the Fund than if such Securities were registered in the Fund's name. In the event of the bankruptcy of, or the happening of other extraordinary circumstances to, the prime broker, the Fund's assets could be at risk or frozen and/or the Fund could experience difficulty or delay in executing transactions with respect to any assets at such prime broker. If the Fund has secured and paid back loans with its prime broker, the prime broker may not be able to quickly return the Fund's collateral as a result of the prime broker using the collateral elsewhere. Additionally, under extraordinary or other circumstances, the prime broker could abruptly cut off financing to the Fund, which could force the Fund to liquidate investments, possibly sustaining losses, to repay such loans.

It is expected that any contract with the prime broker would require the Fund to indemnify the prime broker and custodian from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (other than those resulting from the fraud, willful misconduct or gross negligence on the part of the prime broker and custodian or any agent appointed by it) which may be imposed on, incurred by or asserted against the prime broker and custodian in performing its obligations or duties.

From time to time, certain potential conflicts of interest between the Fund on one hand, and the prime broker and its affiliates on the other hand, may arise. The prime broker and its affiliates may also engage in business activities, other than those of the Fund, whether or not such activities are competitive with the Fund. Furthermore, the prime broker and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

Third Party Administrator. The Fund may enter into an agreement (the "Administration Agreement") with a third party administrator (the "Third Party Administrator"), under which the Third Party Administrator would serve as administrator for the Fund and handle the accounting of the Fund, at Fund expense,

under the overall direction of the General Partner. The Fund currently intends, but is not required to, utilize G&S Fund Services as the Third Party Administrator. In the sole discretion of the General Partner, whether or not a third party administrator has been retained, the General Partner, or an affiliate thereof, may in the future perform some or all of the Fund's administration activities on its own. As administrator, the Third Party Administrator would be expected to perform certain day-to-day administrative tasks on behalf of the Fund, which may include, but shall not be limited to, accounting; preparing and maintaining the Fund's books, records, and accounts, including a general ledger, portfolio results and expenses; delivering to the Fund financial statements and statements of changes in equity; allocating net income or loss to Limited Partners' Capital Accounts; conducting certain anti-money laundering procedures (to the extent required by relevant law); and calculating Net Asset Value (as hereinafter defined) and fees.

To the extent that the Third Party Administrator relies on information supplied by the Fund or any brokers or other financial intermediaries engaged by the Fund in connection with making any of the aforementioned calculations, the Third Party Administrator's liability for the accuracy of such calculations may be limited to the accuracy of its computations. The Third Party Administrator may not be liable for the accuracy of the underlying data provided to it. It is anticipated that any Administration Agreement may be terminated by either party thereto upon certain conditions, including upon dissolution of the Fund.

The Fund may indemnify the Third Party Administrator from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (other than those resulting from the fraud, willful misconduct or gross negligence on the part of the Administrator or any agent appointed by it) which may be imposed on, incurred by or asserted against the Third Party Administrator in performing its obligations or duties.

In the event that the Fund employs a Third Party Administrator, the Fund would be obligated to pay an additional fee to such Third Party Administrator (the "Third Party Administration Fee") on a monthly basis plus out-of-pocket expenses. The Third Party Administration Fee shall be an annual percentage of the initial Capital Account balances of the General Partner and Limited Partners, subject to a minimum; the annual percentage is currently expected to equal 8.5bps, subject to minimums. The effective rate of the Third Party Administration Fee, particularly while the Fund is subject to a minimum, may depend on the total asset size of the Fund. Such fee may be significant, and at some asset levels may exceed the Management Fee.

Fund Capitalization. The Fund may commence business without receiving any prescribed minimum initial capital contribution. The Fund's fiscal year is the calendar year.

The Fund's books and records will be maintained at the office of the General Partner or its designee.

The Fund may actively trade investments and have substantial portfolio turnover. In the event the Fund experiences high portfolio turnover, such portfolio turnover and brokerage commissions and custody expenses may exceed those of other investment entities of comparable size. In addition, high turnover, if any, may lead to realization of taxable gains for Investors.

OUTLINE OF LIMITED PARTNERSHIP AGREEMENT

A form of the Limited Partnership Agreement is included as Appendix A to this Memorandum. It is recommended that each prospective purchaser read it in its entirety. The purpose of this section is to summarize certain provisions of the Limited Partnership Agreement which have not been described elsewhere in this Memorandum but it does not purport to be complete. All statements made below and elsewhere in this Memorandum relating to the Limited Partnership Agreement are hereby qualified in their entirety by reference to the Limited Partnership Agreement.

Term. The Fund's business shall commence upon the Inception Date and shall continue until dissolved in accordance with the Limited Partnership Agreement.

Limited Liability of Limited Partners. No Limited Partner shall be personally liable for the debts of the Fund beyond the amount committed by such Limited Partner to the capital of the Fund. However, each Limited Partner, if the Limited Partner receives a distribution from the Fund, may be liable to the Fund for an amount equal to such distribution, if (among other reasons) at the time of such distribution, the Limited Partner knew that the Fund was prohibited from making such distribution pursuant to Delaware law and under other circumstances described below.

Management. The management of the Fund is vested exclusively in the General Partner. The General Partner may delegate or assign any of its duties or authority in connection with the management of the Fund. Under Delaware partnership law, the General Partner will have ultimate responsibility for all decisions regarding the acquisition, financing, operation, management and ultimate disposition of Fund investments and assets and the supervision and administration of Fund activities. Except as authorized by the General Partner, the Limited Partners will have no part in the management of the Fund and will have no authority or right to act on behalf of the Fund in connection with any matter. Similarly, Investors will have no such part or rights with respect to the Master Fund.

Amendments to Limited Partnership Agreement. The Limited Partnership Agreement may be modified or amended, at any time and from time to time, with the consent of the General Partner, insofar as is consistent with the laws governing the Limited Partnership Agreement. Partners, however, must approve of any amendment which would (a) reduce their Capital Account or rights of withdrawal; (b) convert such Partner's Interest in the Partnership into a General Partner's Interest or modify the limited liability of a Limited Partner; or (c) amend the provisions of the Limited Partnership Agreement relating to amendments.

No Limited Partner Voting Rights. Under the Limited Partnership Agreement, Limited Partners will have no right to vote in Fund business affairs or remove the General Partner. Limited Partners will have no voice in the appointment of the General Partner's management.

Exculpation. In the absence of gross negligence, the General Partner and its affiliates shall not be liable to any Limited Partner or the Fund for mistakes of judgment or for action or inaction which said person reasonably believed to be in the best interests of the Fund, or for losses due to such mistakes, action or inaction or to the negligence, dishonesty or bad faith of any employee, broker-dealer or other agent of the Fund, provided that such employee, broker-dealer or agent was selected, engaged or retained by the Fund with reasonable care.

Indemnification. The Fund shall indemnify to the fullest extent permitted by applicable law, defend and hold the General Partner and its affiliates, officers, directors, shareholders, and, in the sole discretion of the General Partner, its agents, employees, advisors, counsel and consultants and the Fund's affiliates, officers, employees, agents, advisors, counsel and consultants (each an "Indemnified Party") harmless from and against any loss, liability, damage, cost or expense, including, but not limited to, attorneys' fees, fines, settlements and liabilities of the Indemnified Party, in defense of any demands, claims or lawsuits against the Indemnified Party, in or as a result of or relating to its or their capacity, actions or omissions as General Partner or as an officer, director, shareholder, agent, employee, advisor, counsel or consultant, concerning the business or activities undertaken on behalf of the Fund, including, but not limited to, any demands, claims or lawsuits initiated by a Limited Partner or resulting from or relating to the offer and sale of the interests in the Fund, provided that the acts or omissions of the Indemnified Party are not found by a court of competent jurisdiction upon entry of a final judgment to be the result of gross negligence, fraud or willful misconduct.

The Indemnified Party shall be entitled to receive advances to cover the costs of defending any claim or action against them; provided, however, that any such advances shall be repaid to the Fund if such Indemnified Party is found by a court of competent jurisdiction upon entry of a final judgment to have been engaged in fraud, willful misconduct, or gross negligence. The Fund shall make all indemnification provided for pursuant to the Limited Partnership Agreement solely out of Fund assets, and only to the

extent of such assets. All rights of an Indemnified Party shall survive the dissolution of the Fund and the death, retirement, removal, dissolution, incompetency or insolvency of the Indemnified Party.

Thus, the Limited Partners may have a more limited right of action than would otherwise be the case absent such provisions. However, these provisions shall not limit, or be deemed to be a waiver of, the rights granted to all investors under the state and federal securities laws.

Dissolution. The dissolution of the Fund will take place upon the occurrence of the first of the following: (i) the dissolution, bankruptcy or withdrawal of the General Partner; (ii) in the discretion of the General Partner; or (iii) any other event causing the dissolution of the Fund under the laws of the State of Delaware.

Applicable Law. The Limited Partnership Agreement will be construed and enforced in accordance with the laws of the State of Delaware.

Arbitration; Jurisdiction; Venue. Any action or proceeding against the Partners relating in any way to the Limited Partnership Agreement must be brought and enforced by arbitration, or in the General Partner's option in the courts of the State of Florida or the United States District Court for the Middle District of Florida. The Partners irrevocably waive, to the fullest extent permitted by law, any objection that they may have to the laying of venue of any such action or proceeding in the courts of the State of Florida located in Orange County or the United States District Court for the Middle District of Florida.

Waiver of Jury Trial. THE LIMITED PARTNERS WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THE LIMITED PARTNERSHIP AGREEMENT OR ANY DOCUMENTS RELATED THERETO.

MANAGEMENT FEE; OTHER FEES AND EXPENSES

The Fund will pay in advance to the Investment Manager, as of the Inception Date and on the first day of each calendar quarter thereafter, a fee ("Management Fee") equal to 0.50% (2% annualized) of the opening Capital Account balances of the Limited Partners (including any portion of any such Capital Account balance attributable to a Limited Partner's participation in any Designated Investment(s)) in the quarter to which the Management Fee relates (prorated for any permitted mid-quarter investments). Any portion of the Management Fee attributable to a Limited Partner's participation in a Designated Investment may be payable based upon the lower or higher of Book Value or fair value assigned to such participating interest, as determined in the sole discretion of the Investment Manager (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Management Fee will be payable by the Fund as of the Inception Date and thereafter on January 1, April 1, July 1, and October 1 of each calendar year. The Investment Manager may waive or modify, in whole or in part, its Management Fee for any account, including those of an affiliate or family member of the Investment Manager, General Partner, or their principals.

The Management Fee generally is allocated in the same manner as Profits and Losses, prior to the Incentive Allocation, and is to be allocated among all Partners in proportion to their Capital Account balances. The Investment Manager may set aside a certain portion of the Fund's assets as cash in order to ensure sufficient funds to cover its Management Fees, whether accrued or anticipated. Alternatively, the Investment Manager may, in its sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Fund's business, a respective portion of the Fund's assets necessary to cover its Management Fees, whether accrued or anticipated. The Investment Manager may, in its sole discretion, (1) receive an in-kind distribution of Fund assets, and/or (2) cause the Fund to borrow funds for the sole purpose of covering its Management Fees, whether accrued or anticipated.

Investors will only incur one Management Fee with respect to the Investment Manager, which is currently expected to occur at the Fund level and not at the Master Fund level. However, in the sole discretion of the Investment Manager, the Management Fee may be waived at the Fund level and incurred at the Master Fund level at any time.

The Fund, from its own assets, bears expenses, including, but not limited to, the following: investment and/or transaction related expenses; research services and products (including research services and products of the type more fully described under BROKERAGE COMMISSIONS); expenses for custodians; interest expenses; investment-related and/or business travel expenses; client services and marketing expenses (including entertainment and travel costs related to Fund marketing); attendance of Fund management at conferences; brokerage commissions; outside counsel; litigation expenses; fund administration; accounting; auditing and tax preparation expenses; any taxes, fees or other government charges levied against the fund; organizational expenses due at inception for the Fund; printing; mailing; costs of insurance for the Fund and the General Partner and affiliates; expenses relating to the offer and sale of Limited Partner Interests; and any other expenses not expressly agreed to be paid by the General Partner. Such expenses are shared in by all of the Partners, including the General Partner. The Fund will be required to pay its pro rata portion of such expenses of the Master Fund. Such expenses may be significant and potentially exceed the Management Fee. To the extent that services are provided or paid for by the General Partner, the Fund will reimburse the General Partner.

The Fund will amortize organizational expenses of the Fund over five years (or such other time as determined in the sole discretion of the General Partner), even though this approach may not be consistent with generally accepted accounting principles or such other industry accepted accounting standards and may result in the Fund's audited financials being qualified. In the event the Fund dissolves its operations before the organizational expenses are fully amortized, amortization of the unamortized portion of such organizational expenses shall be accelerated and the unamortized portion will be debited against the Investors' Capital Accounts, thereby decreasing the amounts otherwise available for distribution to the Investors.

The General Partner may allocate among the Fund and other investment accounts under its management having the same or similar investment methodology as the Fund travel and other expenses incurred in connection with the investment activities of the Fund and such other investment accounts. To the extent that the General Partner determines, in its sole discretion, that certain expenses relate specifically to a particular Designated Investment, the General Partner shall have the authority to allocate such expenses to the Capital Accounts of Limited Partners pro-rata based upon their participating interest, if any, in such Designated Investment.

The General Partner will make personnel and facilities available to the Fund (some of which may be compensated or reimbursed by the Fund for administrative assistance) and may hire providers of ongoing accounting, administration and reporting functions at Fund expense.

The General Partner will pay its own ordinary administrative and overhead expenses in managing Fund investments, including salaries, benefits and rent.

ALLOCATION OF PROFITS AND LOSSES; INCENTIVE ALLOCATION

In general, each Partner's capital contributions will be credited to a Capital Account established on the books of the Fund for each Partner. Profits and Losses in any Accounting Period generally will be allocated in proportion to the respective Capital Accounts of the Partners, with exceptions described below.

The Profits or Losses of the Fund for a given Accounting Period will be the net investment income, plus the realized and unrealized gain or loss on investments from the beginning to the end of the Accounting Period (after deduction of the Management Fee and other expenses accrued, or reimbursable to the General Partner). See "MANAGEMENT FEE; OTHER FEES AND EXPENSES" above. In

calculating Profit or Loss, securities will be valued on a "marked-to-market" basis, with the result that the Profit or Loss for a particular Accounting Period will not necessarily reflect amounts which have been or will be realized or sustained. See "Taxation of the Fund's Investments" below.

At the end of each monthly accounting period of the Fund, any Profit or Loss is allocated to all Partners (including the General Partner) in proportion to their respective opening Capital Accounts for such period. However, notwithstanding any other statement herein: (i) the Fund may create classes of Interests or achieve the effect of having created "classes" via special allocations to one or more specific Limited Partner's Capital Accounts without having legally created, per se, "classes" within the Fund; and (ii) each Limited Partner may have different economics and/or holdings within the Fund by special class or special allocation(s).

At the end of each calendar quarter of the Master Fund, for each of its Limited Partners (with an adjustment made, if necessary, following any annual audit), the General Partner will be allocated an amount equal to twenty percent (20%) of any Master Fund Profit (including unrealized gains and adjusted for Management Fees and other expenses paid at the Fund level but not reflected in the balances of Master Fund Capital Accounts (i.e. the Fund's Capital Account)) allocated to such Limited Partner's Capital Account in such calendar quarter in excess of net Losses which have been carried forward in prior quarters (the "Incentive Allocation"). The Incentive Allocation is paid after calculation of the Management Fee, which is paid at the Fund level. The General Partner may modify or waive, in whole or in part, the Incentive Allocation in its discretion, for any Investor, including its affiliates and their family members.

The Incentive Allocation will be calculated on a cumulative basis on amounts remaining invested. The General Partner will not receive an Incentive Allocation for any calendar quarter in which the gross return is less than or equal to zero. Furthermore, if there is a loss carryforward in a prior calendar quarter, no Incentive Allocation will be paid with respect to any subsequent calendar quarter until the aggregate Profit in such subsequent calendar quarter is greater than the sum of such net Loss, for that and such preceding calendar quarters, and then, only to the extent that the Profit exceeds the loss carry forward (the "High Water Mark"). The High Water Mark seeks to achieve, but does not guarantee, that you will only incur an Incentive Allocation on cumulative Profits. In the event of withdrawals during any calendar quarter with respect to which there is a loss carryforward, the loss carryforward will be proportionately reduced.

The Incentive Allocation will immediately apply to any Profit allocated to a Capital Account attributable to a Designated Investment. However, the Incentive Allocation will, in certain circumstances, be calculated separately for each Designated Investment and the Master Fund's other investments. For example, Loss realized with respect to a Designated Investment after the withdrawal of a Limited Partner will not reduce the Incentive Allocation with respect to Profit on the Master Fund's other investments or on other Designated Investments prior to the withdrawal of such Limited Partner. Conversely, Loss realized with respect to a Designated Investment prior to the withdrawal of a Limited Partner will reduce the Incentive Allocation with respect to Profit on the Master Fund's other investments or on other Designated Investments realized during that Accounting Period or, to the extent there is loss carryforward from such Loss, future Accounting Periods. However, any Loss resulting from a Designated Investment will not offset Incentive Allocations already earned for prior periods.

The General Partner may set aside a certain portion of the Master Fund's assets as cash in order to ensure sufficient funds to cover its Incentive Allocations, if any, whether accrued or anticipated. Alternatively, the General Partner may, in its sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Master Fund's business, a respective portion of the Master Fund's assets necessary to cover its Incentive Allocations, if any, whether accrued or anticipated. The General Partner may, in its sole discretion, (1) receive an in-kind distribution of the Master Fund's assets, and/or (2) cause the Master Fund to borrow funds for the sole purpose of covering its Incentive Allocations, if any, whether accrued or anticipated.

Investors will only incur one Incentive Allocation with respect to the General Partner, which is currently expected to occur at the Master Fund level and not at the Fund level. However, in the sole discretion of the General Partner, the Incentive Allocation may be waived at the Master Fund level and incurred at the Fund level at any time.

In the event that the Fund is dissolved other than at the end of a calendar month, or the effective date of a Limited Partner's withdrawal is other than at the end of the calendar month, then the Profit or Loss shall be determined for the period from the beginning of the month through the dissolution or withdrawal date.

In the event that the Master Fund is dissolved other than at the end of a calendar quarter, or the effective date of a Limited Partner's withdrawal is other than at the end of the calendar quarter, then the Incentive Allocation shall be determined for the period from the beginning of the quarter through the dissolution or withdrawal date.

Upon a determination by the General Partner that a Designated Investment, if any, no longer constitutes a Designated Investment or if the Master Fund liquidates, in whole or in part, a Designated Investment, an Incentive Allocation will be allocated to the General Partner on any Profit attributable to such Designated Investment at such time.

Under no circumstances will any portion of any Incentive Allocation made to the General Partner for any prior period be returned to a limited partner of the Master Fund (and indirectly, the Investors of the Fund). Accordingly, notwithstanding the High Water Mark, in some circumstances the General Partner may receive Incentive Allocations in cases in which a Limited Partner may not have aggregate Profits over the life of its investment in the Fund (and indirectly through the Fund, its investment in the Master Fund).

Distributions, if any, will be made at the discretion of the General Partner. It is anticipated that the General Partner will reinvest net investment income and net realized investment gains. If, in the sole discretion of the General Partner, a distribution is made, it will generally be made in accordance with the positive balances of the Partners' Capital Accounts as adjusted. However, notwithstanding any other statement herein, the General Partner may make distributions at any time to some or all Limited Partners as determined in its sole discretion (including based on estimated values with respect to Designated Investments or Fund assets generally when it is not reasonable for the Fund to fairly determine the value of the Fund's assets). Distributions will be made in cash or in kind in the discretion of the General Partner. The General Partner may not pay distributions in amounts sufficient to pay current taxes due on such Limited Partner's Interest in the Fund. The General Partner may make distributions to itself from its Capital Account at any time. See "Withdrawals" for procedures respecting withdrawals of capital by Limited Partners.

VALUATION OF FUND ASSETS

The General Partner will value the assets of the Fund for each Accounting Period in accordance with the Limited Partnership Agreement. The General Partner, in its sole discretion, may alternatively appoint any Prime Broker, Third Party Administrator, or other delegate to value the assets of the Fund in accordance with the Limited Partnership Agreement.

The Fund's liquid assets, as determined in the sole discretion of the General Partner, will be fair valued monthly, or more frequently if there are permitted mid-month investments or withdrawals. For liquid assets (i.e. securities with readily available market quotations), valuations will generally be based, as described more fully below, upon the closing price or final bid price for a security held long and closing price or asked price for a short position on the applicable exchange or market as of the close of business.

For purposes of the Fund's annually audited financial statements, the General Partner or its delegate will try to determine the fair value (taking into account actual market prices (if any), cost, market

prices of comparable investments and/or such other factors (e.g., the tenor of the respective instrument) as it deems appropriate) of any illiquid assets of the Fund (i.e. securities without Readily Ascertainable Market Values, including, but not limited to, any Designated Investments) at least annually. However, notwithstanding any other statement herein, for purposes of the accounting of the Fund's Capital Accounts, the Fund may carry illiquid assets at the lower or higher of Book Value or fair value, as determined in the sole discretion of the General Partner (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The term "Book Value" means the original price at which the illiquid investment was purchased (adjusted for amortizations of premiums or discounts, reserves, principal amortization or other factors) or, with respect to an existing investment that becomes an illiquid investment, the value of the investment immediately preceding the time it became an illiquid investment. As a result, the valuation of illiquid investments, if any, held by the Fund may be inaccurate since such valuations may be based on estimates or cost. A conflict exists to the extent the General Partner's fees are based on these valuations. Furthermore, there is no guarantee that fair value will represent the value that will be realized by the Fund on the eventual disposition of the investment or that could, in fact, be realized upon an immediate disposition of the investment. As a result, an Investor withdrawing from the Fund prior to realization of such an investment may not participate in gains or losses therefrom. The Fund may, but is not required to, designate any illiquid or other Security as a Designated Investment.

For future Investors in the Fund, the General Partner may, in effect, "sell" a piece of each current Investor's indirect interest in each specific investment to such future Investors. Implicit in any such "sale" is that the Fund carries each such investment at an estimated fair value, which may be cost. If the General Partner's estimate of fair value is wrong under such circumstances, say too low, then the General Partner may have "sold" it to the future Investor at a discount, which may be viewed as an adverse consequence to current Investors. Conversely, if the estimated fair value is too high a value for such investment, any future Investor will be "paying" too much for such investment, which may be viewed as an adverse consequence to future Investors.

Subject to the foregoing, securities which are listed on a securities exchange may be valued at their last sales prices on the principal securities exchange on which they are traded on the date of determination (or, if the date of determination is not a date upon which that securities exchange was open for trading, on the last prior date on which that securities exchange was so open). If no sales of these securities occurred on the foregoing dates, the securities may be valued at the "bid" price for long positions and the "asked" price for short positions on the principal securities exchange on which they are traded on the date of determination (or, if the date of determination is not a date upon which that securities exchange was open for trading, on the last prior date on which it was so open). Securities which are not listed may be valued at their representative "bid" quotations if held long and representative "asked" quotations if held short, unless the securities are included in the NASDAQ National Market System or similar organized over-the-counter trading system, in which case they may be valued based upon their last sales prices as reported on such reporting system (if these prices are available). All other securities and accounts for which market quotations are not readily available will be valued at fair value as reasonably determined in good faith by the General Partner, although the actual calculation may be done by others. Any assets or liabilities initially expressed in terms of currencies other than U.S. dollars will be translated into dollars at spot conversion rates as quoted on the day of such translation or, if no such rate is quoted on such date, at the previously quoted exchange rate or at such other appropriate rate as may be reasonably determined by the General Partner. If the General Partner determines that such valuation of any security does not fairly represent market value, the Fund will value the security in a manner which it reasonably chooses and will set forth the basis of that valuation in writing in its records. Notwithstanding any other statement herein, for Capital Account accounting purposes, the General Partner may value securities at prices other than those discussed above.

The General Partner may suspend the determination of the value of the Fund's assets or Capital Accounts for the whole or any part of a period at any time for any or no reason. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible. In the event of any such suspension, the Fund may cancel withdrawal requests (even after a timely withdrawal

request for a Withdrawal Date has been submitted or even after the relevant Withdrawal Date has lapsed) or withhold payment to any person who has tendered a withdrawal request until after the suspension has been lifted. Notice of suspension will be given to any Limited Partner that has tendered a withdrawal request. The General Partner shall continue to receive its Incentive Allocation, if any, and Management Fee (based on estimates) on Designated Investments or in the event of suspension of redemptions and/or calculation of the Fund's assets.

The value of the Fund's assets will generally equal the value of the Fund's pro-rata interest in the Master Fund's assets reduced by the applicable Fund and Master Fund level fees and expenses. Accordingly, the foregoing valuation practices should be read to apply equally to the Master Fund's assets.

The foregoing valuation methods may be changed by the General Partner if it determines in good faith that such change is advisable to better reflect market conditions or activities. See also "Valuation of Investments" under "CONFLICTS OF INTEREST".

WITHDRAWALS

Interests purchased, whether by newly accepted subscribers or existing Investors, may not be withdrawn, either in whole or in part, until six months after the "Purchases" of such Interests are made (the "Lock-Up Period"), unless otherwise permitted in the sole discretion of the General Partner. For purposes of this paragraph, "Purchases" mean receipt by the General Partner or its delegate of the initial or additional capital contributions of Investors. Each Purchase will be subject to its own Lock-Up. The Fund may use a First In First Out approach for determining the age of Purchases. Once Interests have, or will have, been held for their complete Lock-Up Period, unless otherwise permitted in the General Partner's sole discretion, such Interests may be withdrawn subject to the other terms generally applicable to withdrawals under the Limited Partnership Agreement.

Once the Lock-Up Period no longer applies to an Interest, and subject to the potential limitations discussed below and under "Designated Investments and Withdrawals", such Limited Partner may, upon written notice to the Administrator not less than one hundred twenty (120) days prior to the end of any calendar quarter, or such other time as the General Partner may determine (the "Withdrawal Notice Date"), withdraw all or any portion of such Interest in its Capital Account, adjusted if necessary for any unallocated Incentive Allocation, less reserves determined in good faith by the General Partner and less the Limited Partner's share of any accrued, but unpaid, Management Fee and expenses; provided that the aggregate of all withdrawals by Limited Partners in any calendar quarter may not exceed 15% of the Fund's net assets. Such a percentage limit is often referred to as a "Gate". If Limited Partners request withdrawals in any calendar quarter which, in the aggregate, exceed 15% of the Fund's net assets, then each Limited Partner requesting a withdrawal shall be permitted to withdraw a pro-rata portion of its requested withdrawal amount so that the total of all such withdrawals equals 15% of the Fund's net assets.

The minimum withdrawal amount is \$100,000, subject to waiver in the General Partner's discretion. A Limited Partner who elects to withdraw all of his Capital Account will be deemed to have retired as of the effective date of such withdrawal. Permitted withdrawals will be effective immediately following the close of business of the last business day of the quarter, or as otherwise permitted by the General Partner (the "Withdrawal Date"). A notice of withdrawal is irrevocable, except as provided in the sole discretion of the General Partner. Withdrawal requests received after a Withdrawal Notice Date has passed, and withdrawals which are not permitted due to the aggregate 15% gate limitation described above, will be deemed cancelled and must be resubmitted if the Investor continues to desire a withdrawal.

Except as otherwise provided in the Limited Partnership Agreement, payment of ninety percent (90%) of any withdrawal proceeds ordinarily will be effected within thirty (30) business days following the applicable Withdrawal Date in cash or in kind in the discretion of the General Partner, with the balance

generally to be paid within sixty (60) days after finalization of the annual audit, subject to reserves and any necessary adjustments. No interest shall be paid for the period between the effective date of withdrawal and any date of payment.

Notwithstanding any other statement herein, the General Partner may limit or prohibit withdrawals, notwithstanding whether or not valuation of the Fund's assets have been suspended, including under extraordinary or emergency circumstances or if, in its discretion, such withdrawals would not be in the best interests of the Partnership or maximize the return available by having to sell an investment to satisfy such withdrawals; in addition to the foregoing reasons, in the General Partner's sole discretion, the Fund may also refuse requests for withdrawals or delay withdrawals or payments if the Master Fund suspends or limits withdrawals with respect to the Fund or if the Fund is not sufficiently liquid, which shall be determined in the sole discretion of the General Partner. In any of the foregoing circumstances, the Incentive Allocation, if any, and Management Fee will still be applied to the Interests (including based on estimates of the Fund's assets and Capital Account values in the event that withdrawals and/or valuation of the Fund's assets are suspended).

The Fund may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor withdrawals.

The Fund's ability to make redemptions will be in large part dependent upon the Fund receiving redemptions from the Master Fund.

The General Partner may, at its sole discretion, expressly waive any of the foregoing restrictions, including, but not limited to, the Lock-Up Period and 15% "gate".

Withdrawal may be accomplished by a Limited Partner as follows:

1. Mail or deliver personally to the Administrator a letter of instruction indicating the dollar amount to be withdrawn, which, unless otherwise permitted in the General Partner's sole discretion, will become effective immediately following the close of business of the last business day of the calendar quarter. At least one hundred twenty days prior written notice to the General Partner is required, unless otherwise permitted in the sole discretion of the General Partner.

2. Sign the letter in exactly the same way the Interests are registered and were subscribed for in the Subscription Agreement. If there is more than one owner, all must sign.

Designated Investments and Withdrawals. If a Limited Partner requests a withdrawal when the Fund holds an interest in a Designated Investment that such Limited Partner is participating in, such Limited Partner's withdrawal proceeds shall not include any amount attributable to such Designated Investment until the General Partner, in its sole discretion, determines that such investment no longer constitutes a Designated Investment, liquidates such Designated Investment in whole or in part (to the extent liquidated) or otherwise determines to distribute the same to the withdrawing Limited Partner. For so long as the Fund continues to own or hold such Designated Investment, such Limited Partner would (a) remain entitled to receive its allocable share of the gains, losses and expenses (i.e. Fund expenses) related thereto but (b) would remain a Limited Partner in the Fund only to the extent of its interest in such Designated Investments. Accordingly, a Limited Partner who has withdrawn its Interests and retains an Interest relating to any Designated Investment(s) remains at risk in the Fund (and the Limited Partner remains as such only with respect to its interest in its Designated Investment) and continues to be subject to the terms of this Memorandum until the Fund issues the Limited Partner's withdrawal proceeds relating to such Designated Investment in accordance with the terms set forth herein and net of all accrued Management Fees, Incentive Allocations, and/or expenses thereon.

In its sole discretion, the General Partner instead may allow or require a Limited Partner to redeem, in cash or in kind, its participating interest in a Designated Investment. If such a redemption is made, the redeeming Limited Partner will have no further participating interest in such Designated

Investment and the General Partner may elect to mark, in its sole discretion, the value of the redeemed interest in such Designated Investment as of the Withdrawal Date at the lower or higher of Book Value or fair value (with an option to mark the value of the redeemed interest in such Designated Investment as of the Withdrawal Date at fair value). In any case, especially if the lower value is used, such redeemed interest may not reflect the full value realizable over time by the Fund from the holding of the Designated Investment.

Mandatory Withdrawal. The General Partner is authorized at its discretion to require any Limited Partner to withdraw from the Fund for any or no reason. Such Limited Partner's estimated Capital Account, computed as to the effective day of his withdrawal, subject to reserves and any necessary adjustments, shall be paid within 60 days after finalization of the annual audit. No interest shall be paid for the period between the effective date of withdrawal and any date of payment.

The General Partner may use its authority to mandatorily withdraw an Investor and to pay withdrawals in kind to form and distribute interests in special purpose or liquidating vehicles holding certain illiquid Fund assets (including, but not limited to, interests in the Other Funds and Managers or their underlying investments), which may have a similar impact to suspending withdrawals without actually doing so. Notwithstanding any other statement herein, the General Partner may treat some Limited Partners differently (i.e. giving preferential terms and rights to one or more Limited Partners, as permitted in the sole discretion of the General Partner) with respect to distributions and withdrawals at any time, including during times when withdrawals have been otherwise suspended with respect to the Fund as a whole.

Withdrawal, Death, Etc. of a Limited Partner. The withdrawal, death, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner shall not dissolve the Fund. The legal representatives of a Limited Partner shall succeed as assignee to the Limited Partner's interest in the Fund upon the death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of such Limited Partner, but shall not be admitted as a substitute partner without the consent of the General Partner.

In the event of the death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner, the interest of such Limited Partner shall continue at the risk of the Fund business until the last day of the calendar year in which such event takes place, or the earlier dissolution of the Fund. If the Fund is continued after the expiration of such calendar year, such Limited Partner or its legal representatives shall be paid, within sixty (60) days of the end of such calendar year, the estimated Capital Account of such Limited Partner (computed as of the end of such calendar year, on the basis of unaudited data and subject to adjustment and reserves). No interest shall be paid for the period between the effective date of the withdrawal and date of payment.

Limitations on Withdrawals. The right of any Limited Partner or its legal representatives to receive amounts withdrawn is subject to the provision by the General Partner for all Fund liabilities in accordance with Delaware law and for reserves for estimated accrued expenses, liabilities and contingencies (even if such reserves are not in accordance with generally accepted accounting principles or such other industry accepted accounting standards).

BROKERAGE COMMISSIONS; RESEARCH AND OTHER SERVICES

The Fund may pay commissions to brokers because it regards commissions as a necessary incentive to secure the best performance and Services from brokers. Generally, money market and certain other fixed income securities are purchased from the issuer or a primary market maker acting as principal and are traded on a net basis and do not involve brokerage commissions. Fixed income securities, as well as equity securities, may also be purchased from underwriters at prices which include underwriting fees. However, the cost of executing securities transactions for the Fund's portfolio will generally consist of dealer spreads and brokerage commissions. For purposes of this discussion, the term "brokerage commissions" may include both commissions paid to brokers in connection with

transactions effected on an agency basis and markups, markdowns, commission equivalents or other fees paid to dealers in connection with certain transactions as encompassed by relevant SEC interpretation. The Fund's securities transactions may generate a substantial amount of brokerage commissions and other compensation, all of which the Fund, not the General Partner, will be obligated to pay.

The General Partner will have complete discretion in deciding what brokers and dealers it will use and in negotiating the rates of compensation the Fund will pay. The General Partner may use affiliates in the execution of the Fund's securities transactions. In order for such persons to effect any portfolio transactions for the Fund, the commissions, fees or other remuneration received by such persons must be reasonable and fair compared to the commissions, fees or other remunerations paid to other brokers in connection with comparable transactions involving similar securities being purchased or sold during a comparable period of time. The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based to a large degree on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. This standard would often allow the affiliate to receive no more than the remuneration which would be expected to be received by an unaffiliated broker in a commensurate arms-length transaction. In addition to using brokers as "agents" and paying commissions, the Fund may also buy or sell securities directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers.

The General Partner is not obligated to select, or allocate portfolio transactions to, brokers and dealers on the basis of best execution. Not requiring the Fund or the Investment Manager to seek best execution on brokerage commissions may pose conflicts of interest and is unusual relative to the market practices of other similar private investment funds. The General Partner may select, or allocate portfolio transactions to, brokers and dealers based upon one or more of a variety of factors in its sole discretion, including, but not limited to, the following: the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality, including trade anonymity; liquidity; the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the facilities of the broker (including their back office operations and related services thereto being provided to the Fund and/or General Partner, including those of the type described above under "Third Party Administrator"); the financial strength, integrity, reliability and stability of the broker; the competitiveness of commission rates in comparison with other brokers satisfying the Fund's other selection criteria; the quality, comprehensiveness and frequency of available "Research and Related Services or Products", defined below, considered to be of value; rebates of commissions by a broker to the Fund or to a third party service provider to the Fund to pay Fund expenses; and the broker's provision or payment of the costs of "Research and Related Services or Products", as defined below, and other services or property (collectively, with each factor named herein, constituting "**Services**"). Research and related services or products furnished by brokers may include: advice, whether directly or through writings or publications, as to the value of securities, the advisability of purchasing or selling specific securities, and the availability of securities or purchasers or sellers of securities; seminars, information, analyses, and reports concerning issuers, industries, securities, trading markets and/or methods, legislative developments, changes in accounting practices, economic or financial factors and trends, and portfolio strategy; statistics and pricing services; access to and/or discussions with research personnel, corporate management personnel, industry experts, economists, and government officials; quotation equipment and services; research or analytical computer software and services; products or services that assist in effecting transactions; as well as other hardware, software, databases, news, technical and telecommunications services and equipment utilized in the investment management process whether or not they qualify as "research" under the soft dollars safe harbor of Section 28(e) of the Exchange Act, as amended (collectively, "Research and Related Services or Products"). The General Partner may also pay certain of

its overhead and administrative expenses with soft dollars. In addition to the foregoing Services, the General Partner may also consider referrals of potential Investors in the Fund as a factor in its selection of brokers and allocation of portfolio transactions. As such, the Fund may direct commissions in consideration of Fund referrals. This practice may cause the Fund to pay more than the lowest commission available and poses conflicts of interest for the General Partner because sales of Fund Interests may increase the General Partner's fees and income from the Fund.

The General Partner may receive Research and Related Services or Products and/or related credits from brokers which are generated from underwriting commissions when purchasing new issues of fixed income securities or other assets. The General Partner may purchase new issues of securities for client accounts in underwritten fixed price offerings. In these situations, the underwriter or selling group member may provide the General Partner with research in addition to selling the securities (at the fixed offering price) to the advisory client. Because these offerings are executed at a fixed price, the General Partner's receipt of research from a broker-dealer in these situations may benefit the General Partner, its affiliates, and other clients at no additional cost. These arrangements may not fall within the safe harbor of Section 28(e) of the Exchange Act because the broker-dealer will be acting as principal in the underwritten transaction.

The receipt of Services from brokers is not expected to reduce significantly the expenses of the Fund. By allocating transactions in this manner, the General Partner will be able to supplement its research and analysis with the views and information of other securities firms. It is not possible to place a dollar value on information and services to be received from brokers and dealers, since it is only supplementary to the research efforts and statistical analysis of the General Partner. Obtaining Services from a broker using commissions ("soft dollars") may cause the Fund to pay more for such Services than if the Fund had otherwise purchased such Services directly from such broker using Fund assets ("hard dollars"). The General Partner may, in its sole discretion, use soft dollars and/or hard dollars to obtain, and pay up to 100% of the cost of, Services. Up to 100% of the Fund's trades may be Soft Dollar trades. All, or any portion, of the Fund's trades may be used to purchase Services through the use of soft dollars. Certain Services may only be purchased from the Fund's brokers through the use of soft dollars and not hard dollars. Some of the Fund's soft dollar arrangements with certain brokers may require a targeted dollar amount of commissions to be directed to such broker in order for the Fund to receive Services from such broker. Such targets pose risks and conflicts because they may provide the General Partner incentive to overtrade the Fund. The General Partner believes that Services provided by brokers are of significant value to the Fund. Accordingly, when certain Services, including in particular research, may only be obtained through using soft dollars or reaching a targeted amount of directed commissions, the General Partner may, in its sole discretion, use Fund assets to generate enough commissions necessary with a broker, regardless of whether or not such transactions would have otherwise been made, in order to obtain the desired Services from such broker. The General Partner believes these practices are reasonable and not a breach of fiduciary duty in light of the value to Investors of the Services received. Brokerage commissions, and specifically soft dollar commissions, may be significant and potentially exceed the Management Fee. From time to time, the General Partner may receive additional non-research Services from other counterparties. The General Partner is satisfied that these investment related Services assist in the performance of advisory duties and allow it to provide a cost effective service.

In some instances, the Services obtained from a broker in return for soft dollars may be provided directly to the General Partner and its affiliates by a third party rather than the broker. In such cases, the broker will have a direct obligation to pay such third party rather than the General Partner and its affiliates. As a result, the broker to whom the General Partner is directing client transactions is effectively defraying the cost of such product or service to the General Partner and its affiliates.

If the General Partner acts as investment adviser or sub-adviser for investment company clients, the firm may direct brokerage for such clients to certain broker-dealers that have agreed to use a portion of the cost of commissions related to such brokerage to pay operating expenses of the applicable investment company client(s) to defray that client's expenses. The foregoing practices are subject to

guidelines established by, and oversight by, the boards of trustees or other governing body of the relevant investment companies. In connection with such arrangements, the investment company may pay a brokerage commission in excess of that which another broker might charge for executing the same transaction.

The Services furnished by a broker or other party, which are paid by the Fund with soft and/or hard dollars, may benefit the General Partner and/or its affiliates in rendering investment services to other clients and benefits the General Partner by potentially saving the General Partner from paying for Services itself. Such benefits to the General Partner and/or its affiliates may lead to conflict of interest and increase commission costs borne by the Fund. Some of the General Partner's clients may direct their own brokerage. Thus, those clients may require the General Partner to send their trades to a particular broker in some cases so that the client may receive some direct benefit. Other General Partner accounts may be somewhat limited in their brokerage placement discretion and very often send the bulk of trades to a broker-dealer sponsor, which may or may not provide research. Other advisory clients may prohibit the General Partner from paying up for research or permit proprietary research but not third-party research. In each of these cases, these advisory clients may be benefiting, through an improved investment process, from research obtained through commission dollars of the Fund, which has not so restricted the General Partner's brokerage discretion. The General Partner may, but is not required to, make any appropriate allocations so that it bears the cost of any Services used for purposes other than for research (e.g., for administration). While the Fund generally will seek reasonably competitive spreads or commissions, the Fund will not necessarily be paying the lowest spread or commission available. The Fund may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the Services provided by the broker. Before causing the Fund to pay such higher compensation, the General Partner will make a good faith determination that the compensation is reasonable in relation to the value of the Services provided viewed in terms of the particular transaction for the Fund or the General Partner's overall responsibilities to the Fund. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable. The Fund anticipates that because of the nature of its investment program, it may fall outside of the safe harbor for "soft dollars" under Section 28(e) of the Exchange Act, as amended. That means for at least some purposes you should view brokerage commissions as if they were an increase to the Management Fee since the Fund's expenses will increase as a result of paying for premium brokerage and research and the General Partner not paying the Fund back out of its Management Fee for the value of the resulting Services received.

When trading in a particular security, purchase and sale orders for the Fund may also, in the discretion of the General Partner, be combined or "bunched" with orders for other accounts managed by the General Partner, its affiliates and other accounts managed by them, with the Fund receiving an average price for jointly purchased or sold securities and paying its pro rata share of total commissions and trading costs. In some cases, the Fund may have obtained more favorable pricing or borne lower brokerage commission expense if it had traded independently.

From time to time, the Fund may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Fund may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a mark-up or mark-down. The Fund believes that the use of a broker in such instances is consistent with its duty of obtaining best execution for the Fund. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

The foregoing brokerage practices should also be read to apply equally, as relevant, to the Master Fund.

CONFLICTS OF INTEREST

The General Partner, the Fund and their affiliates may be subject to various conflicts of interest in their relationships with the Fund. The General Partner, Fund and affiliates may also engage in other business activities, whether or not such activities are competitive with the Fund. The General Partner and its affiliates may also trade on their own behalf in competition with the Fund, but will allocate trades fairly with respect to the Fund. The General Partner and its principals may invest alongside the Fund in the Fund's underlying investments, which may pose certain risks and/or conflicts of interest. The General Partner and its affiliates may make investment decisions for other clients which are contrary to positions taken on behalf of the Fund.

The Investment Manager and its affiliates may not devote all of their time to the management of the Fund. Effective January 3, 2013, Alan Grayson will hold public office in the U.S. Congress as a Representative from the State of Florida. His role as an active U.S. Congressman will impact the time he is able to devote to the Fund and will subject him to the U.S. STOCK Act, which restricts certain public officials from trading on any non-public information received as a result of such public office; the U.S. STOCK Act's prohibitions may preempt the Fund from pursuing certain profitable investments. Additionally, U.S. Congressmen are subject to certain monthly and annual disclosure requirements with respect to certain of their personal investment holdings; to the extent Alan Grayson makes parallel investments with the Fund, the Fund's investment strategy and positions may be gleaned, in whole or in part, as a result of such disclosures and put the Fund at a competitive disadvantage. Furthermore, notwithstanding the foregoing, there is a risk that Alan Grayson may be required to disclose some or all of the Fund's holdings as well when making such Congressional disclosures; the Fund does not currently intend to make such disclosures unless it is required to by law. If the Fund's holdings are required to be disclosed by law, such disclosures may put the Fund's strategy at a competitive disadvantage. Seeking and/or holding public office may also create unwarranted attention from the media (whether justified or not), an increased possibility of closing down the Fund, and enhanced scrutiny of the Fund, which may be more prone to examination by regulators and other relevant parties as a result of seeking and/or holding public office.

Transactions with Affiliated Accounts and Separate Account Conflicts. The General Partner will act in a manner which, in its sole discretion, it considers fair and reasonable in allocating investment opportunities among the Fund and all other separate accounts, mutual funds or investment companies managed by the General Partner or any affiliate for the account of any third party or itself. In determining a fair and reasonable allocation, the General Partner may allocate any particular investment opportunity generally to other managed accounts prior to or without allocating any portion of such investment opportunity to the Fund.

Investment decisions for the Fund may be made independently from those of all other accounts. From time to time, the same security may be held in the Fund and also held in one or more other managed accounts. The Fund may purchase securities from or sell securities to other accounts managed by the General Partner or its affiliates. The Fund may invest excess cash in other pooled accounts managed by the General Partner, or its affiliates, some of which may pay fees to the General Partner. Simultaneous transactions are inevitable when several accounts are managed by the same investment adviser. In such cases, the prices and amounts will be allocated in a manner considered by the General Partner to be equitable to the Fund and each such managed account. In some cases this could have a detrimental effect on the price or volume of the security as far as the Fund is concerned.

To the extent not prohibited by applicable law, the General Partner shall be entitled to effect transactions for the Fund in which it or its affiliates has directly or indirectly a material interest (other than an interest arising solely from its participation in the transaction) or a relationship with another party which may involve a conflict with its duty to the Fund. Such transactions may include, among other things, the following: (a) Buying an investment from or selling an investment to the Fund when acting as a principal or as an agent for an affiliate or other client; (b) Acting in the same transaction as both an agent for the Fund and also as an agent for the counterparty; (c) Purchasing, holding or selling for the benefit of the

Fund securities issued or guaranteed by companies in which the General Partner or any of its affiliates, directors or employees, has an interest, through holding or dealing in its securities, serving as a director or otherwise; and (d) Purchasing, holding or selling for the benefit of the Fund securities issued by an affiliate or client of the General Partner or any of its affiliates.

Other investors may invest with the General Partner, via separately managed accounts. Managed accounts offer greater visibility and flexibility for larger investors in general by giving them direct ownership of underlying assets and the option to sell such assets if they want to get out quickly. However, investors in private investment funds (e.g. the Fund) could be disadvantaged if managed account holders with the General Partner pull out of an asset before Fund investors are able to redeem from the Fund or the General Partner is able to sell such assets of the Fund. Accordingly, a risk to investors of the Fund is that managed account investors of the General Partner get an edge on Fund investors by having the ability to sell their positions whenever they want, independent of the General Partner. If this occurs before the General Partner sells the Fund's positions, then, among other things: (1) less liquid assets could see prices depressed; and (2) selling the Fund's positions could be harder. The foregoing separate account risks should also be deemed to apply to the advisers of Other Funds and Managers to the extent the Fund invests in Other Funds and Managers.

Conflicts Relating to Portfolio Transactions. The Fund's brokerage practices (see "BROKERAGE COMMISSIONS; RESEARCH AND OTHER SERVICES") pose conflicts of interest. While the Fund will generally seek reasonably competitive spreads or commissions, the Fund will not necessarily be paying the lowest spread or commission available. The Fund may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, regardless of whether it is in recognition of the value of the Services provided by the broker. The receipt of Services from brokers is not expected to reduce significantly the expenses of the Fund. Some of the Fund's soft dollar arrangement with certain brokers may require a targeted dollar amount of commissions to be directed to such broker in order for the Fund to receive Services from such broker. Furthermore, the Services furnished to the Fund by a broker or other party, which are paid by the Fund with soft and/or hard dollars, may benefit the General Partner and/or its affiliates in rendering investment services to other clients. Such brokerage practices and benefits to the General Partner and/or its affiliates may lead to conflicts of interest, higher frequency of Fund trades, and increased commission costs borne by the Fund.

The General Partner may execute portfolio transactions for the Fund through brokers or similar entities in which the General Partner or its affiliates have direct or indirect beneficial interests. Such arrangements pose conflicts of interest. The commissions or fees that the Fund pays to such affiliated brokers or similar entities may not have been negotiated in an arm's length transaction. The General Partner may not have an incentive to seek lower fees from unaffiliated brokers or similar entities and such arrangements may result in an incentive for the General Partner to overtrade the Fund to generate additional revenue for the General Partner.

Conflicts Relating to Multiple Positions. The Fund may make an investment in a position which is already held by one or more other funds or accounts or a position that is subordinated or senior to or otherwise adverse to a position held by one or more other funds or accounts. For example, the Fund may own debt of a portfolio company while another fund or account managed by the Investment Manager or its affiliates owns equity in the same portfolio company. It is possible that the activities or strategies used for other funds or accounts could conflict with the activities and strategies employed in managing the assets of the Fund and affect the prices and availability of the securities and instruments in which the Fund invests.

Valuation of Investments. There currently is no centralized source for pricing information for certain Securities or assets in which the Fund may invest, and reliable pricing information may at times not be available from any source. For purposes of valuing such Securities or assets, including any Designated Investments, valuation decisions will be made by the General Partner based upon such information, if any, as is available to it. Furthermore, the General Partner may adjust the value of a Designated Investment in circumstances in which there is not a traditional "value event" (see "VALUATION OF FUND

ASSETS"). Accordingly, certain valuations may be uncertain and based on estimates or cost. Because these valuation decisions affect the Incentive Allocation, Management Fee, Capital Accounts, and withdrawal amounts, there may be a conflict in the General Partner's role in valuing the Fund's assets and such valuation decisions may impact you negatively whether or not you redeem based on such valuations.

Sales Conflicts. As discussed below, the General Partner may pay a fee or commission ("Sales Commission") to registered brokers or others who initiate sales of Interests in the Fund. Sellers of the Fund may charge fees to Investors directly. Such payments may pose conflicts of interest. The General Partner paying for Fund distribution with proceeds received from the Management Fee can be viewed as the Fund indirectly paying for such distribution with Fund assets. Additionally, the Fund may direct brokerage commissions to brokers and dealers in consideration of Fund referrals. This practice can be viewed as charging the Fund for distribution expenses. This practice also may cause the Fund to pay more than the lowest commission available and poses conflicts of interest for the General Partner because sales of Fund Interests may increase the General Partner's fees and income from the Fund.

In its sole discretion, the General Partner (or one of its affiliates), from its own or Fund assets, may retain certain persons (including, but not limited to, selected brokerage firms or other persons, including affiliates of the General Partner) to act as placement agents or in a similar capacity to sell interests in the Fund for a fee based on, among other things, gross sales and current assets as determined in the sole discretion of the General Partner. The amount of these payments may be substantial and such practices raise conflicts of interest. Any minimum aggregate sales required for eligibility for such payments, and the factors in selecting the brokerage firms and other persons to which they will be made, are determined from time to time by the General Partner. Other such placement agents or persons may be added over time without notice. Accordingly, Investors should assume any intermediary through which they invest in the Fund has been compensated by the Fund or its General Partner (or affiliates) unless specifically confirmed to the contrary by authorized Fund personnel. In addition, the General Partner or its affiliates may pay fees, from their own or Fund assets, to brokers, banks, financial advisors, retirement plan service providers and other persons for providing distribution-related or shareholder services. These payments pose conflicts of interests for the parties that receive them. An Investor should obtain from its intermediary any details of any such payments received by such intermediary.

Allocation of Management Time and Services. The Fund and General Partner will not have independent management or employees, and conflicts of interest may arise in allocating management time, services or functions among the Fund and other entities for which the General Partner or its affiliates may provide services.

Lack of Separate Representation. The Fund and the General Partner may be represented by the same legal counsel and accountants.

Disclosure of Fund Information and Holdings. The General Partner may disclose, to the extent permitted by law, in its sole discretion, any Fund information, including Fund holdings and specific strategies, to any person, including, but not limited to, Limited Partners and outside third parties. The General Partner may disclose varying amounts and levels of information among such persons. The General Partner may, but is not required to, seek to limit the disclosure of Fund information to outside third parties for viable reasons. Irrespective of the reason, if any, for the disclosure of Fund information, such disclosure poses conflicts of interest, and in some cases you may be at a disadvantage and suffer losses if we grant outside parties access to such information, including, but not limited to, Fund holdings and specific strategies.

OFFERING AND SALE OF INTERESTS; SUBSCRIPTIONS

Offering of Interests. Interests are being offered to qualified Investors who are "accredited investors" as defined in Regulation D under the 1933 Act. There currently is no minimum limits for total capital

contributions to the Fund; the current maximum limits for total capital contributions to the Fund is \$1 billion, subject to increase or decrease in the sole discretion of the General Partner.

The minimum investment is \$500,000. The minimum Additional Capital Contribution is \$100,000. The General Partner may waive or increase the foregoing minimums in its sole discretion.

Investors may subscribe for Interests, and Limited Partners may make Additional Capital Contributions, monthly following the Inception Date or such other times as permitted in the sole discretion of the General Partner. If accepted, Capital Contributions will be effective for investment on the first day of each calendar month or as otherwise permitted in the sole discretion of the General Partner. All investments in Interests must be made in immediately available funds in a form acceptable to the General Partner, or, at the sole discretion of the General Partner, other property. See the instructions set forth in the Subscription Agreement attached hereto as Appendix B. Subscribers will be required to sign the limited partnership agreement (the "Limited Partnership Agreement") by signing the Subscription Agreement delivered with the Memorandum. Signature pages are included in the Subscription Agreement.

The General Partner reserves the right to reject any subscription in its entirety, for any reason whatsoever, or to allocate to any subscriber a lesser number of Interests, or fractions thereof, than it has offered to purchase, or to remove any Limited Partner in its sole discretion.

Regulation. The General Partner intends that, by limiting the number of Investors in the Fund and Master Fund to 100 or fewer U.S. beneficial owners and by disqualifying from the Fund certain potential Investors, the Fund and Master Fund will not be required to register under the Company Act or any similar state law.

Investment Restriction. The Interests have not been registered under the 1933 Act and are being offered and sold pursuant to an exemption under section 4(2) of the 1933 Act and exemptions under applicable state laws. Such exemptions and the legality of each sale are conditioned upon, among other things, all Investors purchasing the Interests for investment purposes only and not with a view to resale or distribution. Each Investor will be required to continue to hold his Interests and to bear the economic risk of the investment in the Fund for an indefinite period, except as otherwise provided under the Limited Partnership Agreement.

In addition, pursuant to the terms of the Limited Partnership Agreement, the Interests may not be transferred or otherwise assigned except with the consent of the General Partner and certain other restrictions. No substitution of Limited Partners will be permitted without the consent of the General Partner.

Access to Information. Subject to policies described in this Memorandum and in the Limited Partnership Agreement, prospective Investors and their accountants, purchaser representatives, legal and other advisors are invited to review any material made available by the General Partner and make inquiries concerning matters relating to the Fund, the proposed operations of the Fund, the experience of the General Partner and any other matter relating to the offering. Any such materials made available will be done so at the offices of the General Partner.

Procedure to Subscribe. Each Investor who desires to purchase any Interests must:

1. Complete, date, and sign the Subscription Agreement, and deliver it to the Administrator at the address set forth in the Subscription Agreement.
2. Arrange to have good funds available in the Fund's bank account three business days before (i) the Inception Date or (ii) such other time as investments are permitted by the General Partner in an amount equal to the Interests desired. The minimum initial contribution is \$500,000. The minimum

additional contribution is \$100,000. The foregoing minimums are subject to increase or waiver in the General Partner's sole discretion.

Wire instructions are included in the Subscription Agreement.

All subscriptions are irrevocable. Generally, not more than 30 days after any Investor enters into a Subscription Agreement, the Administrator will advise such Investor whether such Investor's subscription will be accepted. Prior to acceptance, which generally will occur on the first day of the next month, provided the Administrator receives sufficient notice of the subscription, or, in the General Partner's sole discretion, the un-timeliness of such submission is waived, the Investor will have no rights as an Investor in the Fund and will receive no interest on its subscription.

Use of Proceeds. The Fund will invest the net proceeds of this Offering in accordance with this Memorandum as soon as practicable following each accepted subscription. Pending such investment, accepted funds in the Fund may, but are not required to, be invested in money market instruments, securities issued by registered investment companies and other marketable securities.

Fund assets will be maintained by the Fund in a custodial account with a bank or broker and will be used only for the purposes set forth herein.

Subject to suitability and eligibility requirements, Interests may be sold to corporations, trusts or other legal entities provided that after giving effect to such sale, the Fund would not be required to register as an investment company under the Company Act.

The Master Fund will be subject to Cayman law regarding anti-money laundering policies and procedures, which may impact the Fund.

CAYMAN ISLANDS MUTUAL FUNDS LAW

The Master Fund is regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands ("Mutual Funds Law"). The Cayman Islands Monetary Authority (the "CIMA") has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the CIMA. As a regulated mutual fund, the CIMA may at any time instruct the Master Fund to have its accounts audited and to submit them to the CIMA within such time as the CIMA specifies. Failure to comply with these requests by the CIMA may result in substantial fines on the part of the General Partner and may result in the CIMA applying to the court to have the Master Fund wound up.

The Master Fund will not, however, be subject to supervision in respect of its investment activities or the constitution of the Master Fund's portfolio by the CIMA or any other governmental authority in the Cayman Islands, although the CIMA does have power to investigate the activities of the Master Fund in certain circumstances. Neither the CIMA nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

The CIMA may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the CIMA include the power to require the substitution of the General Partner with respect to the Master Fund, to appoint a person to advise the Master Fund on the proper conduct of their affairs or to appoint a person to assume control of the affairs of the Master Fund. There are other remedies available to the CIMA including the ability to apply to court for approval of other actions.

The Master Fund is not hereby offering any securities and accordingly this Memorandum is not to be regarded as having been authorized or issued by or on behalf of the Master Fund. The Master Fund does not have an offering document or equivalent document.

ANTI-MONEY LAUNDERING PROCEDURES

Measures aimed towards the prevention of money laundering and applicable "know your customer" legislation may require that an applicant verify his/her identity to the Fund.

In addition, the Fund may request further information and documents before processing the application. This may result in Interests being issued on a day subsequent to the day on which an applicant initially wished to have Interests issued.

It is further acknowledged that the Fund and its affiliates shall be held harmless and indemnified by the applicant against any loss arising as a result of a failure to process the Subscription Agreement if such documentation is required by the Fund and has not been provided by the applicant to the General Partner's satisfaction.

The Fund will establish an Anti-Money Laundering Compliance Program (the "Program") as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"). In order to ensure compliance with this law, the Fund's Program would provide for the development of internal practices, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program and an independent audit function to determine the effectiveness of the Program.

Procedures to implement the Program would include, but not be limited to, determining that any Fund vendor who processes purchases has established proper anti-money laundering procedures, reporting suspicious and/or fraudulent activity and a complete and thorough review of all new Subscription Agreements. The Fund will not transact business with any person or entity whose identity cannot be adequately verified under the applicable provisions of the USA PATRIOT Act.

The Master Fund is subject to Cayman Islands laws and regulations regarding anti-money laundering and anti-terrorism initiatives, which may impact the Fund. If, as a result of any information or other matter which comes to his or her attention during the course of his or her business, trade, profession or employment, any person resident in the Cayman Islands (including the Master Fund) knows or suspects or has reasonable grounds for knowing or suspecting that a payment to the Master Fund (by way of subscription or otherwise) is criminal property, such person is required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher or the Financial Reporting Authority pursuant to the Terrorism Law (2011 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

INCOME TAX TREATMENT OF LIMITED PARTNERS

Introduction

The following is a summary of certain aspects of the taxation of the Fund which should be considered by a prospective Limited Partner. The Fund has not sought a ruling from the IRS or any similar state or local authority with respect to any of the tax issues affecting the Fund, nor has it obtained an opinion of counsel with respect to any U.S. federal, state or local tax issues.

This summary of certain aspects of the Federal income tax treatment of the Fund is considered to be a correct interpretation of existing laws, judicial decisions and regulations in force on the date of this Memorandum. No assurance can be given that changes in existing laws or regulations or their interpretation will not occur after the date of this Memorandum. This summary does not discuss the impact of various proposals to amend the Internal Revenue Code of 1986, as amended (the "Code"), that could change certain of the tax consequences of an investment in the Fund. This summary also does not discuss all of the tax consequences that may be relevant to a particular Investor or to certain Investors subject to special treatment under the Federal income tax laws, such as insurance companies.

NOTHING HEREIN OR IN ANY ATTACHMENT HERETO IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO A PROSPECTIVE INVESTOR OR TO THE FUND. IN NO EVENT WILL THE FUND OR THE GENERAL PARTNER, OR ANY AFFILIATES OF, OR OFFICER THEREOF OR ANY PROFESSIONAL ADVISOR ENGAGED BY ANY OF THEM, BE LIABLE IF FOR ANY REASON THE TAX CONSEQUENCES OF THE INVESTMENT DO NOT MATERIALIZE OR ARE LESS FAVORABLE THAN PROJECTED. EACH PROSPECTIVE LIMITED PARTNER IS URGED TO CONSULT ITS TAX ADVISOR IN ORDER TO UNDERSTAND FULLY THE U.S. FEDERAL, STATE, LOCAL AND ANY FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN ITS PARTICULAR SITUATION.

Tax Status of the Master Fund Under U.S. Law

The Master Fund expects that it will be treated as a partnership and not an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. If it were determined that the Master Fund should be treated as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, a material adverse change in facts, or otherwise), the taxable income of the Master Fund would be subject to U.S. corporate income taxation when recognized by the Master Fund; the Master Fund's partners (including the Fund) would not be entitled to report their distributive shares of net gains, losses or other deductions and credits of the Master Fund on their own U.S. income tax returns; distributions from the Master Fund to its partners, other than in complete or substantial redemption of an interest in the Master Fund, would be treated as dividend income when received by the Master Fund's partners to the extent of the current or accumulated earnings and profits of the Master Fund; and such dividend distributions likely would not be deductible by the Master Fund and would be taxable as ordinary income to the Master Fund's partners. Because the Master Fund is organized as a partnership, and is expected to be taxed as a U.S. partnership, under U.S. law, any tax discussion herein related to the Fund and its Investors should also be read to apply equally, where relevant, to the Master Fund and Master Fund investors (i.e. the Fund) as well.

Tax Status of the Master Fund under Cayman Islands Law

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Master Fund or its Partners. Interest, dividends and gains payable to the Master Fund and all distributions by the Master Fund to its Partners will be received free of any Cayman Islands income or withholding taxes. The Master Fund has registered as an exempted limited partnership under Cayman Islands law and the Master Fund will apply for, and expects to receive, an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Master Fund or to any Partner thereof in respect of the operations or assets of the Master Fund or the interest of a Partner therein; and may further provide that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Partnership or the interests of the Partners therein. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Master Fund.

Classification of the Fund

For U.S. federal income tax purposes, an election will be filed with the IRS to treat the Fund as a partnership. Based on this election and under the provisions of the Code, and the Treasury Regulations promulgated under the Code (the "Regulations"), as currently in effect, the General Partner believes that the Fund will be treated for U.S. federal income tax purposes as a partnership and not as an association taxable as a corporation.

Certain "publicly traded partnerships" are treated as associations that are taxable as corporations for U.S. federal income tax purposes. A publicly traded partnership is any partnership the interests in which are traded on an established securities market or which are readily tradable on a secondary market (or substantial equivalent thereto). Upon formation, Interests in the Fund will not be traded on an established securities market. Regulations concerning the classification of partnerships as publicly traded partnerships provide certain safe harbors under which interests in a partnership will not be considered readily tradable on a secondary market (or the substantial equivalent thereof). Depending on the number of Partners and other considerations, the Fund should initially qualify for a safe harbor exemption from the publicly traded partnership rules.

The Fund has not sought and will not seek a ruling from the IRS with respect to its status as a partnership for U.S. federal income tax purposes. If it were determined that the Fund should be classified as an association taxable as a corporation (as a result of changed interpretations or administrative positions by the IRS or otherwise), the taxable income of the Fund would be subject to U.S. corporate income taxation when recognized by the Fund; the Limited Partners would not be entitled to report their distributive shares of net gains, losses or other deductions and credits of the Fund on their own U.S. income tax returns; distributions from the Fund to the Limited Partners, other than in complete or substantial redemption of an interest in the Fund, would be treated as dividend income when received by the Limited Partners to the extent of the current or accumulated earnings and profits of the Fund; and such dividend distributions likely would not be deductible by the Fund and would be taxable as ordinary income to the Limited Partners.

It is assumed in the following discussion of tax considerations that the Fund will be classified as a partnership for U.S. federal income tax purposes.

Taxation of Fund Operations

As a partnership, the Fund is not itself subject to Federal income tax. The Fund files an annual partnership information return with the IRS that reports the results of its operations for the taxable year. Each Limited Partner is required to report separately on its income tax return its distributive share of the Fund's net long-term and short-term capital gain or loss and net ordinary income and deductions and credits. The Fund will distribute annually to each Limited Partner a form showing its distributive share of such Fund items of income, gain, loss, deduction or credit. Each Limited Partner is liable for any taxes owed upon its distributive share of the income or gains realized by the Fund, and may claim deductions for its distributive share of the Fund's losses and deductions and credits for its distributive share of the Fund's credits, to the extent allowed under the Code. Each Limited Partner is taxed on its distributive share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

Under Section 704 of the Code, a Limited Partner's distributive share of any Fund item of income, gain, loss, deduction or credit is governed by the Limited Partnership Agreement unless the allocation provided by the Limited Partnership Agreement does not have substantial economic effect. The Regulations promulgated under Section 704(b) of the Code provide certain safe harbors with respect to allocations which, under the Regulations, will be deemed to have substantial economic effect. The validity of an allocation which does not satisfy any of the safe harbors of these Regulations is determined by taking into account all facts and circumstances relating to the economic arrangements among the

partners. The allocations provided in the Limited Partnership Agreement may not meet the standards required to come within the safe harbors set forth in these Regulations. Thus, the validity of the allocations for tax purposes may be determined in light of all the facts and circumstances. If it were determined by the IRS or otherwise that the allocation provided in the Limited Partnership Agreement with respect to a particular item does not have substantial economic effect, each Limited Partner's distributive share of that item would be determined for tax purposes in accordance with that Limited Partner's interest in the Fund, taking into account all facts and circumstances.

Under the Limited Partnership Agreement, the General Partner will have the authority to elect on behalf of the Fund, under Section 754 of the Code, to adjust the basis of the Fund's assets in connection with certain distributions to Limited Partners or certain transfers of interests in the Fund. Such an election, if made, could affect the amount of a Limited Partner's distributive share of the gain or loss recognized by the Fund upon the disposition of its assets. Because of the complexity and additional expense involved in making a Section 754 election, the General Partner has no present intention to make such election on behalf of the Fund, but may do so in the future. The Fund is required to make adjustments to the basis of its assets as if a Section 754 election were in effect if the Fund has a substantial built-in loss immediately after a transfer of an interest in the Fund or there is a substantial basis reduction with respect to assets distributed by the Fund. For purposes of this paragraph, substantial means \$250,000 or more.

The General Partner will have the authority to decide how to report the partnership items on the Fund's tax returns, and all Limited Partners are required under the Code to treat the items consistently on their own returns (or to identify specifically any inconsistent position). In the event the income tax returns of the Fund are audited by the IRS, the tax treatment of the Fund's income and deductions generally is determined at the partnership level in a single proceeding rather than by individual audits of the Limited Partners. The General Partner, designated as the "Tax Matters Partner," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Limited Partners. In addition, the Tax Matters Partner has the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Limited Partners to extend the statute of limitations relating to the Limited Partners' tax liabilities with respect to Fund items.

Taxation of Distributions

Non-liquidating cash distributions, to the extent they do not exceed a Limited Partner's basis in its interest in the Fund, will not result in taxable income to that Limited Partner, but will reduce its tax basis in its partnership interest by the amount distributed or withdrawn. Liquidating cash distributed to a Limited Partner in excess of the basis of its partnership interest is generally taxable as capital gain.

Upon a Limited Partner's receipt of a cash liquidating distribution from the Fund, generally, such Limited Partner will recognize capital gain or loss to the extent of the difference between the proceeds received by the Limited Partner and such Partner's adjusted tax basis in its Fund interest. Such capital gain or loss may be short-term or long-term depending upon the Partner's holding period for its interest in the Fund, and other considerations. However, a Limited Partner may recognize ordinary income to the extent such Partner's allocable share of the Fund's "unrealized receivables" exceeds the Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Fund may be treated as an unrealized receivable, with respect to which a Partner would recognize ordinary income.

Distributions of property other than cash generally will not result in the recognition of taxable income or loss to the Limited Partner (except to the extent such distribution is treated as made in exchange for such Limited Partner's share of the Fund's unrealized receivables). It should be noted, however, that gain often must be recognized where the distribution consists of marketable securities unless the distributing partnership is an "investment partnership" and the recipient is an "eligible partner" as defined in Section 731(c) of the Code.

Taxation of the Fund's Investments

All securities, excluding certain Designated Investments and certain illiquid and other Securities, will be marked to market at the end of each fiscal period (and at certain other intervals), and the net gain or net loss from marking to market will be reported as income or loss for financial statement presentation and capital account maintenance purposes. This treatment is inconsistent with the general tax rule, applicable to many securities transactions, that a transaction does not result in a gain or loss until it is closed by an actual sale or other disposition. The divergence between such accounting and tax treatment may result in substantial variation between financial statement of income (or loss) and taxable income (or loss) reported by the Fund.

The Fund expects to act as an investor, and not as a trader or dealer, with respect to its securities transactions. Generally, the gains and losses realized by an investor on the sale of securities are capital gains and losses. Thus, the Fund expects that its gains and losses from its securities transactions typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Fund maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than 12 months generally will be eligible for long-term capital gain or loss treatment.

Based on the Fund's investment objectives, the Fund may be subject to Code section 988. Under Code section 988, gains and losses of the Fund on the acquisition and disposition of foreign currency will be treated as ordinary income or loss. Moreover, under Code section 988, gains or losses on disposition of debt securities denominated in a foreign currency to the extent attributable to fluctuation in the value of the foreign currency between the date of acquisition of the debt security and the date of disposition will be treated as ordinary income or loss. Similarly, gains or losses attributable to fluctuations in exchange rates that occur between the time the Fund accrues interest or other receivables or accrues expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such receivables or pays such liabilities may be treated as ordinary income or ordinary loss.

If the Fund acquires foreign currency forward contracts, enters into foreign currency futures contracts or acquires put and call options on foreign currencies, Code section 988 may apply. Generally, foreign currency regulated futures contracts and option contracts that qualify as "Section 1256 Contracts" (see below), will not be subject to ordinary income or loss treatment under Code section 988. However, if the Fund acquires currency futures contracts or option contracts that are not Section 1256 Contracts, or any currency forward contracts, any gain or loss realized by the Fund with respect to such instruments will be ordinary, unless (i) the contract is a capital asset in the hands of the Fund and is not a part of a straddle transaction and (ii) an election is made (by the close of the day the transaction is entered into) to treat the gain or loss attributable to such contract as capital gain or loss.

In the case of Section 1256 Contracts, the Code generally applies a "mark to market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 Contract includes certain regulated futures contracts, certain foreign currency forward contracts, and certain options contracts. Under Code Section 1256, Section 1256 Contracts held by the Fund at the end of each taxable year of the Fund are treated for Federal income tax purposes as if they were sold by the Fund for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 Contracts, must be taken into account by the Fund in computing its taxable income for such year. If a Section 1256 Contract held by the Fund at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark to market" rules.

Capital gains and losses from such Section 1256 Contracts generally are characterized as short-term capital gains or losses to the extent of 40% thereof and as long-term capital gains or losses to the extent of 60% thereof. Such gains and losses will be taxed under the general rules described above. As

mentioned above, gains and losses from certain foreign currency transactions will be treated as ordinary income and losses. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts.

The Fund may invest in foreign companies. Pursuant to the "passive foreign investment company" ("PFIC") provisions of the Code, these investments by the Fund may in certain circumstances cause a Limited Partner to be subject to an interest charge and certain other disadvantageous tax treatment. In addition, gain realized by the Fund as a result of disposing of an interest in a PFIC may be taxable as ordinary income. In order to avoid the interest charge and the taxation of disposition gain as ordinary income, the Fund may elect to realize currently all of such PFIC's current earnings attributable to the Fund's ownership of such PFIC, in which case, Limited Partners, through the Fund, may recognize income subject to tax prior to the receipt by the Fund of distributable proceeds; provided, however that the PFIC must agree to comply with certain U.S. reporting requirements in order for the Fund to elect to be taxable currently.

The Fund may invest in U.S. regulated investment companies ("RICs") generally known as "mutual funds," which are subject to a special tax regime under the Code. Certain ETFs may qualify as RICs as well. Generally, all income of a RIC is distributed as a dividend to its shareholders. The character of that dividend is long-term capital gain to the extent of the RICs' net long-term capital gains for the year to which the distribution relates, and ordinary income to the extent of the balance of the RIC's net taxable income for such year. For non-U.S. investors there may be U.S. withholding taxes imposed on a RIC's ordinary dividend distribution to the Fund, which withholding taxes may flow through the Fund proportionately to the Limited Partners and be eligible for such Partners to credit against their U.S. tax liabilities.

The maximum ordinary U.S. federal income tax rate for individuals currently is 35% and the maximum individual U.S. federal income tax rate for long-term capital gains is currently 15% (for securities held for more than one year), unless the taxpayer elects to be taxed at ordinary rates in the circumstances mentioned below relating to the deductibility of interest (although in either case the actual rate may be higher due to the phase out of certain tax deductions and exemptions). Currently, most dividends received from domestic corporations and "qualified foreign corporations" by a noncorporate taxpayer will be taxed at the same rate as capital gains. Each Partner's distributive share of such qualified dividends received by the Fund passes through to the Partner. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of \$3,000. For corporate taxpayers, the maximum U.S. federal income tax rate is 35%. Generally, capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

Whether a real estate transaction will produce capital gain or ordinary income depends on the broad definition of "capital asset". Generally, Code section 1221(a)(1) excludes from the definition of "capital asset", "property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business". Many cases have addressed whether or not the sale of real estate qualifies for capital gain treatment. However, it is often difficult to distinguish a capital asset from a non-capital asset because of the lack of a bright-line test differentiating ordinary income from capital gains for real estate transactions. In addition to there being no bright-line guidance on the capital gains versus ordinary income question in the typical real estate transaction, the IRS will not ordinarily issue a ruling as to whether a particular transaction will be accorded capital gain treatment.

To determine whether property was held primarily for sale to customers in the ordinary course of business, the following factors will be considered:

1. The nature and purpose of the acquisition of the property and the duration of the ownership.
2. The extent and nature of the taxpayer's efforts to sell the property.
3. The number, extent, continuity and substantiality of the sales.
4. The extent of subdividing, developing, and advertising to increase sales.
5. The use of a business office for the sale of a property.
6. The character and degree of supervision or control exercised by the taxpayer over any representative selling the property.
7. The time and effort the taxpayer habitually devoted to the sales.

Each case must be decided on its own particular facts, and no specific factors or combinations of such factors are controlling. However, courts have stated that the most heavily weighted factor is the frequency and substantiality of the taxpayer's sales of real property. The General Partner has not pre-determined a particular strategy and the Fund may hold for investment certain property without developing it or without plans for immediate sale. In this instance, the Fund may treat any sales proceeds as gains from sales of capital assets or as ordinary income, in its discretion. However, there can be no assurance that the IRS will agree with such treatment. The Fund may be required to treat very substantial portions of such proceeds as ordinary income.

Taxation of Limited Partnership Interests -- Limitations on Losses and Deductions

To the extent that the Fund has interest expense, a non-corporate Limited Partner likely will be subject to the "investment interest" limitations of Section 163(d) of the Code. Investment interest includes interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. Investment interest is not deductible in the current taxable year to the extent it exceeds a taxpayer's net "investment income," consisting of net gain and ordinary income from investments in the current year. For the purposes of this limitation, net long-term capital gains are generally excluded from the computation of investment income, unless the taxpayer elects to pay tax on such gains at ordinary income tax rates.

To the extent that the Fund's operations constitute a trade or business for purposes of Section 163(d) of the Code, the Fund may decide to take the position that the Section 163(d) limitation on investment interest will not apply to interest expense attributable to the Fund's operations. This position is not free from doubt, however, and future U.S. Treasury regulations or administrative pronouncements by the IRS could apply the Section 163(d) limitation to such interest expense. If some or all of the Fund's operations do not constitute a trade or business for purposes of Section 163(d) of the Code, the Section 163(d) limitations will apply to all or some portion of the Fund's interest expense. If or to the extent that the Section 163(d) limitation on investment interest does apply, a non-corporate Limited Partner could be denied a deduction for all or part of its distributive share of the Fund's interest and short sale expenses unless it has sufficient offsetting investment income from all sources including the Fund. In such case, a Limited Partner that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry such amounts forward to future years, when the same limitation would again apply. The limitations on the deductibility of investment interest would apply also to interest paid by a Limited Partner on debt incurred to finance its investment in the Fund.

Under Section 67 of the Code, certain itemized deductions (including investment advisory fees) are allowable for non-corporate partners only to the extent they exceed a "floor" amount equal to 2% of adjusted gross income. (In light of recent case law, a Limited Partner that is a trust or estate should

consult its tax advisor as to the applicability of Section 67 to such Partner.) In addition, Section 68 of the Code reduces certain itemized deductions (including otherwise deductible miscellaneous itemized expenses) of an individual by the lesser of (i) 3% of such individual's adjusted gross income exceeding a threshold amount (based on the cost-of-living adjustment calculated under Code Section 1(f)(3)) or (ii) 80% of the total amount of such deductions which otherwise would be allowable. Moreover, such itemized deductions are non-deductible in computing such Limited Partner's alternative minimum taxable income and alternative minimum tax liability.

Applying these rules, if or to the extent that the Fund's operations do not constitute a trade or business within the meaning of Section 162 and other provisions of the Code, a non-corporate Limited Partner's distributive share of the Fund's expenses (including any amounts that are treated for tax purposes as expenses of the Fund) would be deductible only as itemized deductions, subject to the foregoing limitations. Also, if all or a portion of the Incentive Allocation to the General Partner were recharacterized for tax purposes as an expense of the Fund, each non-corporate Limited Partner's share of such expense could also be subject to the foregoing limitations. It may not be clear to the IRS whether or to what extent the Fund's operations constitute a trade or business for Section 162 purposes, so that the 2% floor of Section 67 and/or the overall limitation of Section 68 could apply to all or a portion of a non-corporate Limited Partner's allocable share of the Fund's expenses. Hence, non-corporate Limited Partners are advised to consult their own tax advisors in this regard.

Income and losses of the Fund generally will not be treated as passive income or losses for purposes of the passive activity loss limitations of Section 469 of the Code. Accordingly, individuals, personal service corporations and certain closely-held corporations that have passive losses from other activities are restricted in their ability to use such losses to offset income and gains from the Fund.

Under Section 465 of the Code, individuals and certain closely held corporations are entitled to deduct their distributive shares of partnership losses only to the extent of the amount they are considered "at risk" with respect to their partnership interests at the end of the taxable year.

A Limited Partner initially will be considered "at risk" with respect to its Fund Interest to the extent of the cash paid therefor, provided such Fund Interest has not been financed with borrowings from persons with certain interests (other than as a creditor) in the Fund or with borrowings secured solely by its Fund Interest. While a Limited Partner's tax basis in its Fund Interest will be increased by its allocable share of any nonrecourse liabilities of the Fund, such liabilities will not be includable in the Limited Partner's amount "at risk."

The amount a Limited Partner is "at risk" with respect to its Fund Interest will be increased by, among other things, its share of the Fund's ordinary income and capital gain, and will be reduced by (i) all Fund distributions to, or on behalf of, such Limited Partner and (ii) its share of Fund deductions and losses. A Limited Partner's share of Fund deductions and losses over Fund income not allowable in any year as a result of the "at risk" limitation is carried forward until such time, if ever, as it is allowable under the "at risk" rules.

It is not anticipated that the Limited Partners will be subject to any deferral of losses by reason of the "at risk" rules. However, the timing, duration and extent of any deferral of losses as a consequence of the "at risk" limitation may depend on the amount of Fund leverage. Thus, prospective Limited Partners should consider the effect of the "at risk" rules in arranging any financing for a purchase of a Fund Interest.

Foreign Taxes

It is possible that certain dividends and interest received by the Fund from sources within foreign countries will be subject to withholding taxes imposed by such countries, and may be subject to capital gains taxes in some foreign countries where the Fund purchases and sells securities. Tax treaties

between such countries and the United States may reduce or eliminate such taxes. To the extent not eliminated, such foreign taxes should be creditable (or deductible) by the Partners in computing their U.S. federal income taxes (subject to limitations generally applicable to foreign tax credits or deductions, as the case may be), although a Partner's share of capital gains realized by the Fund that are subject to foreign tax may not be foreign source income for U.S. federal income tax purposes. A Partner that is tax exempt will not generally benefit from such credit or deduction (except to the extent attributable to "unrelated business taxable income").

Taxation of Limited Partnership Interests - State and Local Taxes

In addition to the federal income tax consequences described above, prospective Investors should consider potential U.S. state and local tax consequences of an investment in the Fund. State and local laws may differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Partner's distributive share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. There also is the possibility of, and each Investor should consult with its own tax advisors regarding, taxation by the states in which income is deemed to be earned.

Nonresident Aliens and Foreign Corporations

Generally, a nonresident alien individual or foreign corporation is subject to U.S. federal income tax only with respect to certain categories of U.S. source income. First, such persons are subject to U.S. federal income tax on income that is effectively connected with a U.S. trade or business conducted by such individual or corporation. In addition, a 30 percent gross withholding-tax is levied on noneffectively connected U.S. source "fixed or determinable annual or periodical gains, profits, and income," such as rents, dividends, royalties and certain interest. Generally, no U.S. income tax is levied on other income of a nonresident alien individual or a foreign corporation.

For purposes of applying these rules to partnerships, Code section 875(1) provides that a nonresident alien individual partner or foreign corporate partner is considered to be engaged in any U.S. trade or business in which the partnership is engaged. Thus, a foreign partner's distributive share of partnership net income effectively connected with a U.S. trade or business of the partnership is taxed under the general Code provisions applicable to U.S. citizens and residents, and the partnership must withhold tax at the maximum applicable rate with respect to this income. Thus, the U.S. federal income tax consequences to a foreign partner depend, in part, on whether the Fund is engaged in a trade or business within the United States. The activities undertaken by the Fund may or may not rise to the level of a "trade or business". Code section 864(b)(2) contains a safe harbor that provides that trading stock and securities for your own account does not rise to the level of a U.S. trade or business.

An elaborate set of rules governs the withholding obligations of partnerships that have foreign partners. In general, Code section 1441 is the controlling provision if the foreign partner's income is not effectively connected with the conduct of a trade or business in the United States; Code section 1446 controls if the income is effectively connected with a U.S. trade or business. In addition, Code section 1445 provides special withholding rules relating to the disposition of U.S. real property interests by foreigners. Although not expected to be subject to U.S. federal income tax, the Master Fund, as a non-U.S. entity, generally will be subject to U.S. federal withholding taxes at a rate of 30% on its U.S. source dividends and certain interest income, as well as certain other types of U.S. source income. A Partner's allocable share of any U.S. taxes withheld generally should be deductible or creditable against his U.S. income tax liability. However, the Master Fund may enter into a withholding partnership agreement with the IRS, pursuant to which, the Master Fund will not be subject to such withholding taxes, but instead, will become a withholding agent and will be obligated to withhold on the portion of such items of income allocable to foreign investors in the Master Fund.

Taxation of Limited Partnership Interests - Other Taxes

The Fund may incur certain expenses in connection with its organization and the marketing of its interests. Currently, the maximum deduction that can be obtained, if the Fund elects, for amounts paid or incurred to organize the Fund is \$5,000. The remainder, if any, of the organizational expenses incurred by the Fund may be amortized over a 180-month period beginning with the month in which the Fund begins business. Amounts paid or incurred to market interests in the Fund (syndication expenses) are not deductible.

The Fund and its Partners may be subject to other taxes, such as the alternative minimum tax and estate, inheritance or intangible property taxes that may be imposed by various jurisdictions. Each prospective Investor should consider the potential consequences of such taxes on an investment in the Fund. It is the responsibility of each prospective Investor to satisfy himself as to, among other things, the legal and tax consequences of an investment in the Fund, under the laws of the state(s) of its domicile and its residence, by obtaining advice from its own tax counsel or other advisor, and to file all appropriate tax returns that may be required.

The foregoing is a summary of some of the important tax rules and considerations affecting the Limited Partners, the Fund, and the Fund's proposed operations and does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing, or holding an interest in the Fund. Prospective Investors in the Fund are urged to consult their own tax advisors as to the federal and state tax consequences of their participation in the Fund.

IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, WE INFORM YOU THAT ANY TAX ADVICE CONTAINED IN THIS MEMORANDUM (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN BY THE FUND OR ITS COUNSEL TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (I) AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE, OR (II) PROMOTING, MARKETING, OR RECOMMENDING TO ANOTHER PARTY ANY TAX-RELATED MATTER HEREIN.

REPORTS TO LIMITED PARTNERS

Audited financial statements will be prepared annually and generally furnished at the General Partner's discretion to Limited Partners within 120 days following the close of the Fund's calendar year, which ends on December 31, or as soon as reasonably practicable thereafter. Notwithstanding any other statement herein, the Fund's first audit will not be provided until after December 31, 2012 and will include the relevant portion of the Fund's fiscal calendar year for 2011 and all of the Fund's fiscal calendar year for 2012. A statement of each Limited Partner's Capital Account activity will be compiled and will be sent with the annual financial statements. The Fund may provide monthly unaudited reports to Limited Partners generally within 30 days of month end. Although not necessarily consistent with generally accepted accounting principles or such other industry accepted accounting standards, the Fund will not be required to provide to Limited Partners the Fund's portfolio holdings or, except as otherwise required in the Limited Partnership Agreement, any other information. However, the General Partner may disclose in its sole discretion, any Fund information, including Fund holdings, to any person, including, but not limited to, Limited Partners and outside parties. The General Partner may disclose varying amounts and levels of information among such persons. Limited Partners agree to keep confidential and not disclose or trade on (other than acquiring or redeeming Interests) any information received from the Fund, including, but not limited to, Fund holdings.

Except as described elsewhere in this Memorandum, financial information contained in all reports to the Limited Partners will be prepared on an accrual basis of accounting in accordance with United States generally accepted accounting principles or such other industry accepted accounting standards

chosen by the General Partner unless otherwise indicated and will include, where applicable, a reconciliation of information furnished to the Limited Partners for income tax purposes. Federal tax information will be provided to the Limited Partners as soon as practicable after the end of each calendar year in accordance with federal reporting requirements.

INDEPENDENT PUBLIC ACCOUNTANTS

The General Partner will hire independent auditors for the Fund. The Fund currently intends, but is not required, to use McGladrey & Pullen LLP as its independent auditors. Such accountants will provide audit services and assistance and consultation in connection with review of filings which may be required by any governmental agencies. The Fund's engagement letter with its auditor may contain an arbitration clause and waiver of punitive damages which may limit the Fund's recourse against its auditor.

INDEPENDENT CLIENT REPRESENTATIVE

The General Partner has the authority to appoint a person (the "Independent Client Representative") unaffiliated with the General Partner, Investment Manager, or any of their affiliates to act as the agent of the Fund to give or withhold any consent of the Fund required under applicable law to a transaction in which the General Partner or Investment Manager causes the Fund to purchase securities or other instruments from, or sell securities or other instruments to, the General Partner, Investment Manager or their affiliates or to engage in brokerage transactions in which any of the General Partner's or Investment Manager's affiliates acts as broker for another person on the side of the transaction opposite that of the Fund. If appointed, the Independent Client Representative may be paid by the Fund and may receive an indemnity from the Fund for claims arising out of activity in such capacity. This paragraph is included for compliance with applicable law, including, but not limited to, Section 206 of the Advisers Act.

LEGAL MATTERS

Holland & Knight LLP acts as counsel to the Fund, Master Fund, General Partner, and/or Investment Manager. Holland Knight LLP does not advise or represent the Fund, Master Fund, General Partner, Investment Manager and any principals or affiliates thereof with respect to any federal election laws. Maples & Calder acts as counsel to the General Partner and the Master Fund as to matters of Cayman Islands law. Holland and Knight LLP and Maples & Calder do not represent the Limited Partners as investors in the Fund. Holland & Knight LLP and Maples & Calder's representation has been limited to specific matters addressed to them. No Investor shall assume that Holland & Knight LLP or Maples & Calder have undertaken an evaluation of the merits of an investment in the Fund. In connection with this private offering of Interests and subsequent advice to the Fund, Holland & Knight LLP and Maples & Calder will not be representing investors in the Fund; no independent counsel has been retained to represent Investors. Holland & Knight LLP's representation of the Fund, Master Fund, General Partner, Investment Manager and/or their respective affiliates, and Maples and Calder's representation of the General Partner and the Master Fund as Cayman counsel, is limited to specific matters as to which they have been consulted by the Fund, Master Fund, General Partner, Investment Manager and/or their respective affiliates (as relevant). There may exist other matters which could have a bearing on the Fund, Master Fund, General Partner, and/or Investment Manager or their respective affiliates as to which Holland & Knight LLP and Maples & Calder, as relevant, have not been consulted. In addition, Holland & Knight LLP and Maples & Calder do not undertake to monitor the compliance of the General Partner or Investment Manager and their affiliates with the investment program, valuation procedures and other guidelines set forth in the Memorandum, nor do they monitor compliance with applicable laws. In preparing this Memorandum, Holland & Knight LLP and Maples & Calder rely upon information furnished to them by the Fund, Master Fund, General Partner, and/or Investment Manager, and do not investigate or verify the accuracy and completeness of information set forth therein concerning the Fund, Master Fund, General Partner, and/or Investment Manager or their affiliates and personnel.

To the best knowledge of the General Partner and the Investment Manager, neither the Fund, Master Fund, nor any of them are a party to any pending, threatened or contemplated litigation which

might materially affect the business of the Fund and Master Fund. The General Partner, Fund and Master Fund cannot warrant that no such suits will arise.

Under Delaware law, each Limited Partner has the right, subject to such reasonable standards as may be established by the General Partner and the limits described above and in the Limited Partnership Agreement, to obtain from the General Partner from time to time upon reasonable demand information for any purpose reasonably related to the Limited Partner's interest as a Limited Partner. However, the Fund has the right to keep confidential from Limited Partners any information which the General Partner believes to be in the nature of a trade secret. Additionally, the General Partner, in its sole discretion, may withhold and keep confidential the names of the Limited Partners investing in the Fund.

THE MASTER FUND

The Master Fund has been constituted as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (as revised) of the Cayman Islands. A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any property of the Master Fund shall be held or deemed to be held by the General Partner, and if more than one then by the general partners jointly upon trust, as an asset of the Master Fund in accordance with the terms of the partnership agreement. Similarly, the General Partner, in its capacity as general partner of the Master Fund, incurs the debts or obligations of the Master Fund. Registration under the Exempted Limited Partnership Law (as revised) of the Cayman Islands entails that the Master Fund becomes subject to, and the limited partners therein are afforded the limited liability and other benefits of the law.

Under Cayman Islands law, the business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and obligations of the exempted limited partnership to the extent the partnership has insufficient assets. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as expressed in the partnership agreement, (ii) if such limited partner becomes involved in the conduct of the partnership's business and holds himself out as a general partner to third parties or (iii) if such limited partner is obliged pursuant to section 14(1) of the under the Exempted Limited Partnership Law (as revised) of the Cayman Islands to return a distribution made to it where the exempted limited partnership is insolvent.

Master Fund Capital Accounts. To facilitate the calculation of the Incentive Allocation, the Master Fund may establish separate capital accounts for the Fund (collectively, the "Fund Capital Accounts"), each of which corresponds to a Capital Account at the Fund level. The net asset value of each Fund Capital Account generally shall be equal to the net asset value of each Capital Account at the Fund level. The Master Fund may also establish sub-accounts within each Fund Capital Account which correspond with Capital Accounts. The term "Fund Capital Account" will refer to the Fund Capital Account itself or, where appropriate, the sub-accounts that comprise any given Fund Capital Account.

REQUESTS FOR INFORMATION

The Master Fund, the General Partner or any of its or their directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by CIMA, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Law (2011 Revision), or by the Tax Information Authority, under the Tax Information Authority Law (2009 Revision) or Reporting of Savings Income information (European Union) Law (2007 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain

circumstances, the Master Fund, the General Partner or any of its or their directors or agents, may be prohibited from disclosing that the request has been made.

THE GRAYSON FUND, LP

Appendix A: Limited Partnership Agreement.....A-1
Appendix B: Subscription AgreementB-1

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EXHIBIT 4

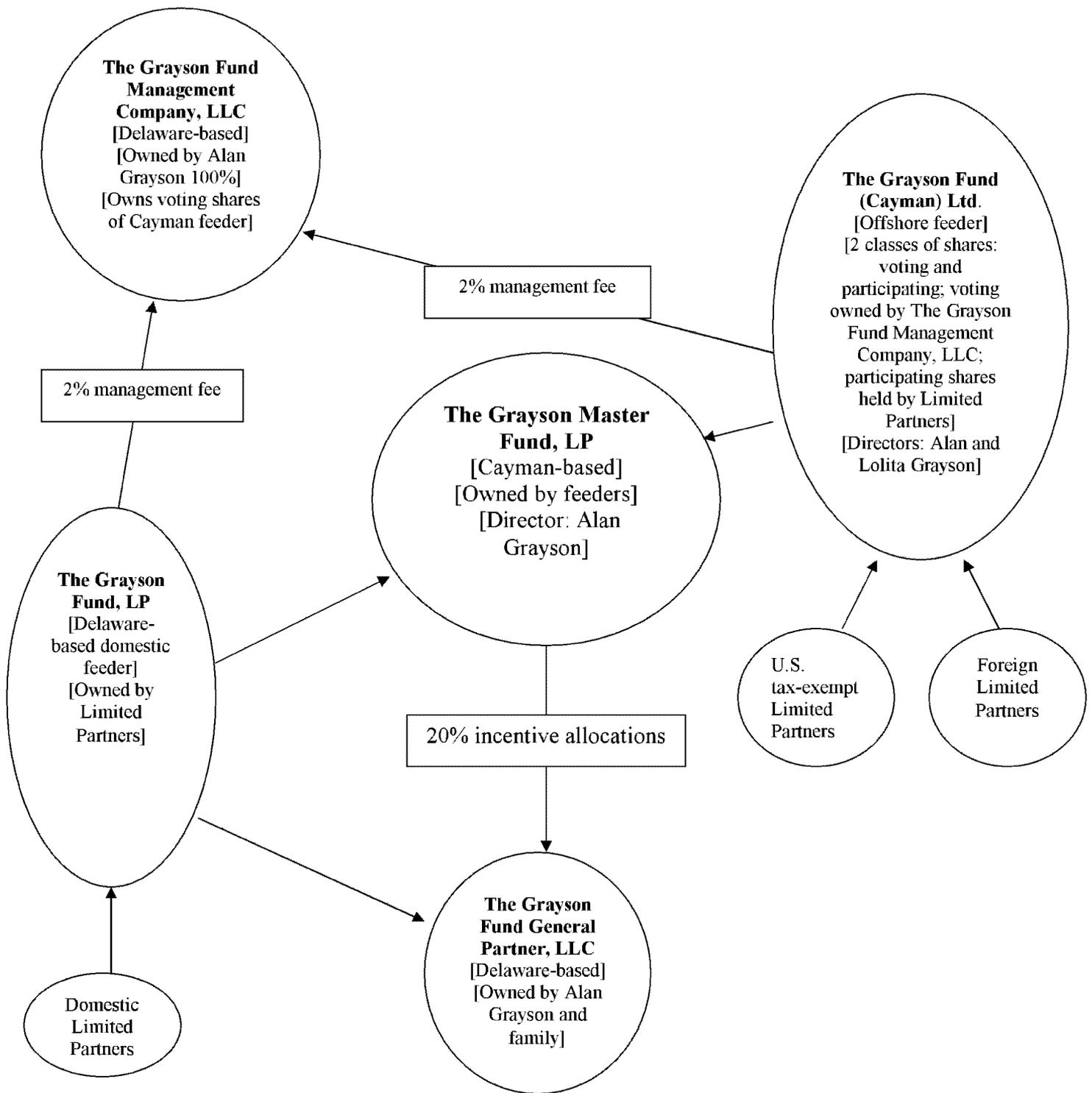


EXHIBIT 5

MC-50365

Certificate of Registration of Exempted Limited Partnership

I, **D. EVADNE EBANKS** Assistant Registrar of Exempted Limited Partnership in the Cayman Islands **DO HEREBY CERTIFY**, pursuant to the Exempted Limited Partnership Law, 1991 that all the requisitions of the said Law in respect of registration were complied with by

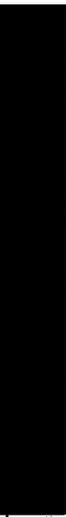
The Grayson Master Fund (Cayman), LP

an Exempted Limited Partnership registered in the Cayman Islands on the 11th day of August Two Thousand Eleven

Given under my hand and Seal at George Town in the Island of Grand Cayman this 11th day of August Two Thousand Eleven

CERTIFIED TO BE A TRUE AND CORRECT COPY

Sig.



(SGD. D. EVADNE EBANKS)

D. Evadne Ebanks
Assistant Registrar
Date 11 August 2011

Assistant Registrar of Exempted Limited Partnership
Cayman Islands.

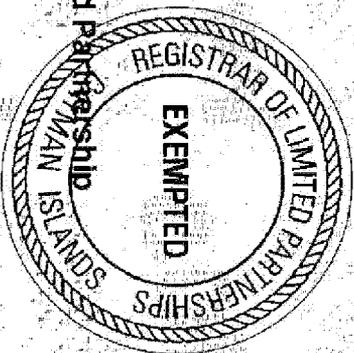


EXHIBIT 6

EXEMPTED LIMITED PARTNERSHIP AGREEMENT

OF

THE GRAYSON MASTER FUND (CAYMAN), LP

Dated as of August 19, 2011

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EXEMPTED LIMITED PARTNERSHIP AGREEMENT OF

THE GRAYSON MASTER FUND (CAYMAN), LP

Dated as of August 19, 2011

The undersigned (herein called the "Partners", which term shall include any persons hereafter admitted to the Partnership pursuant to Article V of this Agreement and shall exclude any persons who cease to be Partners pursuant to Article VI of this Agreement) hereby agree to form and hereby form, as of the date and year first above written (the "Closing"), a limited partnership (herein called the "Partnership"), pursuant to the provisions of the Exempted Limited Partnership Law (as revised) of the Cayman Islands (the "Act"), which shall be governed by, and operated pursuant to, the terms and provisions of this Exempted Limited Partnership Agreement (herein called this "Agreement") and the Act.

ARTICLE I

GENERAL PROVISIONS

Section 1.1 Partnership Name and Address. The name of the Partnership is The Grayson Fund Master Fund (Cayman), LP. Its registered office is located at C/O Maples Corporate Services Limited, PO Box [REDACTED] Ugland House, Grand Cayman KY1-1104, Cayman Islands, or at such other location as the General Partner (as defined in Section 1.2) in the future may designate. The General Partner shall promptly notify the Limited Partners (as hereinafter defined) of any change in the Partnership's registered office address.

Section 1.2 Liability of Partners. The names of all of the Partners and the amounts of their respective contributions to the Partnership (herein called the "Capital Contributions") are set forth in a schedule (herein called the "Schedule"), which shall be filed with the records of the Partnership at the Partnership's principal office (as set forth in Section 1.1) and is hereby incorporated herein by reference and made a part of this Agreement.

The Partner designated in Part I of the Schedule as the General Partner (herein called the "General Partner") shall be liable for the repayment and discharge of all debts and obligations of the Partnership in the event that the assets of the Partnership are inadequate.

The Partners designated in Part II of the Schedule as Limited Partners (herein called the "Limited Partners") and former Limited Partners shall be liable for the repayment and discharge of all debts and obligations of the Partnership attributable to any calendar year (or relevant portion thereof) during which they are or were Limited Partners of the Partnership only to the extent of their respective interests in the Partnership in the calendar year (or relevant portion thereof) to which any such debts and obligations are attributable, subject to this Section 1.2, Section 3.8(c) and Section 4.2(f).

The Partners and all former Partners shall share all losses, liabilities or expenses suffered or incurred by virtue of the operation of the preceding paragraphs of this Sec. 1.2 in the proportions of their respective Partnership Percentages (determined as provided herein) for the calendar year (or relevant portion thereof) to which any debts or obligations of the Partnership are attributable. A Limited Partner's or former Limited Partner's share of all losses, liabilities or expenses shall not be greater than its respective interest in the Partnership for such calendar year (or relevant portion thereof), subject to this Section 1.2, Section 3.8(c) and Section 4.2(f).

As used in this Sec. 1.2, the terms “interests in the Partnership” and “interest in the Partnership” shall include, with respect to any calendar year (or relevant portion thereof) and with respect to each Partner (or former Partner), the amount credited to the Capital Account (as defined in Sec. 3.3) of such Partner (or former Partner) for such period and which such Partner would have received (or in fact did receive) pursuant to the terms and provisions of Article VI upon withdrawal from the Partnership as of the end of such calendar year (or relevant portion thereof) and "Interest" as used herein shall be taken to refer to a Partner's respective Limited Partnership Interest as recorded in the Register of Partners maintained in accordance with the Act.

No Limited Partner (or former Limited Partner) shall be obligated to make any additional contribution whatsoever to the Partnership, or have any liability for the repayment and discharge of the debts and obligations of the Partnership (apart from its interest in the Partnership), except that a Limited Partner (or former Limited Partner) may be required, for purposes of meeting such Limited Partner's obligations under this Sec. 1.2, Sec. 3.8(c) or Sec. 4.2(f) to make additional contributions or payments, respectively, up to, but in no event in excess of, the aggregate amount of returns of capital and other amounts actually received by it from the Partnership during or after the calendar year to which any debt or obligation is attributable. However, each Partner, if the Partner receives a distribution from the Partnership, may be liable to the Partnership for an amount equal to such distribution pursuant to the Act or, if at the time of such distribution, the Partner knew that the Partnership was prohibited from making such distribution pursuant to the circumstances described herein.

As used in this Agreement, the terms “former Limited Partner” and “former Partner” refer to such persons or entities as hereafter from time to time cease to be a Limited Partner or Partner, respectively, pursuant to the terms and provisions of this Agreement.

Section 1.3 Purposes of Partnership. The Partnership is organized for the purpose of, under normal market conditions, seeking positive returns, capital appreciation, capital preservation, and/or income by investing and/or trading in securities of any kind or other property of U.S. and foreign issuers and engaging in all other activities and transactions (in each case, whether for hedging, speculation, investment or any other lawful purpose) that the General Partner may deem necessary or advisable in connection therewith, including, without limitation the power:

(a) to (subject to compliance with applicable law), directly or indirectly trade, buy (using leverage, on margin or otherwise), sell (including short sales), and otherwise acquire, hold, dispose of, deal, loan and engage in any other lawful transaction in listed and unlisted securities of U.S. and non U.S. issuers, including, but not limited to: non-U.S. investments of any kind; equity securities; common stock; debt securities; preferred stock; convertible securities and debentures; mezzanine and hybrid related investments and securities; American Depositary Receipts (“ADRs”), European Depositary Receipts (“EDRs”), Global Depositary Receipts (“GDRs”), Holding Company Depositary Receipts (“HOLDRs”), New York Registered Shares (“NYRs”), American Depositary Shares (“ADSs”); derivative instruments; options on securities and securities indices (including, but not limited to, purchasing put and call options and writing put and call options); swaps (including, but not limited to, variance swaps); rights; warrants; caps; floors; collars; commodities, futures contracts and options on futures; futures and forward contracts with respect to securities; currencies and spot contracts; forward contracts on currencies and commodities; dividend capture; arbitrage trades (i.e. risk arbitrage and convertible arbitrage); distressed and stressed securities; illiquid securities; restricted securities; private placements; direct or indirect interests in, commercial and non-commercial, real estate (including real estate development activity); real estate related securities; mortgage-backed securities and any other asset-backed notes and securities; mortgage dollar rolls; guaranteed investment contracts (GICs);

funding agreements; repurchase agreements; reverse repurchase agreements; any financial instrument(s) related (directly or indirectly) to any index or indices; exchange traded funds (ETFs), exchange traded notes (ETNs), mutual funds (including, but not limited to, open and closed-end funds), alternative private investment funds, hedge funds, venture capital funds, private equity funds, pooled money programs, partnership interests, units of trust, pooled and common investment and trust funds, trust receipts, beneficial interests, joint venture participations, discretionary accounts managed by other money managers, subadvisers managing portions of the Fund at Fund expense, and other funds (collectively, "Other Funds and Managers"); E-minis; collateralized debt obligations ("CDOs") (which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), collateralized commodity obligations ("CCOs") and other similarly structured securities); venture capital investments; new issues (i.e. initial public offerings); securities that endeavor to replicate or simulate the movements of various indices, markets (including, but not limited to, commodity, equity, option, currency, real estate, fixed income, or any other market of any kind), sectors, countries, regions, industries, benchmarks, indicators, and/or groups of Securities; bonds, notes, and any other fixed income securities (irrespective of grade, rating, or issuer); high yield securities; junk bonds; securities related to the sub-prime and/or credit markets; obligations and securities of, or guaranteed by, the U.S. government, the U.S. Treasury, U.S. agencies, and non-U.S. governments; municipal securities and obligations; commercial paper and other cash equivalents; bank obligations; certificates of deposit; demand instruments; time deposits; pay-in-kind securities; receipts; senior and other loans; structured notes; U.S. Treasury or other zero coupon bonds; inflation-indexed bonds; step coupon bonds; tender option bonds; variable and floating rate instruments; any auction rate securities or certificates; subscriptions or other contracts to acquire securities; securities purchased on a when-issued or delayed delivery basis; certificates of deposit; letters of credit; bankers' acceptances; money market instruments or funds; certificates of interest (whether subordinated, convertible or other); any rights (including participations) pertaining to any of the foregoing whether or not commonly defined as "securities"; and securities or an interest in funds or other entities engaged directly or indirectly in any of the foregoing (with all of the foregoing collectively being referred to herein as "Securities");

(b) to engage in such other lawful Securities transactions as the General Partner may from time to time determine;

(c) notwithstanding any other statement herein, and without limiting the other powers of the General Partner or purposes of the Partnership discussed herein, to do any investment or trading or other activity described in the Partnership's confidential private placement memorandum;

(d) to possess, transfer, mortgage, pledge or otherwise deal in, and to exercise all rights, powers, privileges and other incidents of ownership or possession with respect to, Securities and other property and funds held or owned by the Partnership;

(e) to acquire a long position or a short position with respect to any Security and to make purchases or sales increasing, decreasing or liquidating such position or changing from a long position to a short position or from a short position to a long position, without any limitation as to the frequency of the fluctuation in such positions or as to the frequency of the changes in the nature of such positions;

(f) to purchase Securities and hold them for investment;

(g) to maintain for the conduct of Partnership affairs one or more offices and in connection therewith rent or acquire office space, and do such other acts as the General Partner may deem necessary or advisable in connection with the maintenance and administration of the Partnership;

(h) to fund plans of reorganization and engage in debtor-in-possession financing;

(i) to lend, with or without security, any of the Securities, funds or other properties of the Partnership and, from time to time without limit as to amount, borrow or raise funds and secure the payment of obligations of the Partnership by mortgage upon, or pledge or hypothecation of, all or any part of the property of the Partnership;

(j) to engage personnel, including affiliates, whether part-time or full-time, and attorneys, independent accountants, administrators, investment managers, or such other persons as the General Partner may deem necessary or advisable at Partnership expense;

(1) The fact that any Partner or any affiliate of any Partner, or officers, directors, employees or agents of any of them, or a member of the family of any of the foregoing, is employed by, or is directly or indirectly interested in or connected with, any Person employed or engaged by the Partnership to render or perform a service, or from whom the Partnership may make any purchase, or to whom the Partnership may make any sale, or from or to whom the Partnership may obtain or make any loan or enter into any lease or other arrangement, shall not prohibit the Partnership from engaging in any transaction with such Person, or create any additional duty of legal justification by such Partner, affiliate, or other Person beyond that of an unrelated party, and neither the Partnership nor any other Partner shall have any right in or to any revenues or profits derived from such transaction by such Partner, affiliate or other Person.

(2) To the extent the General Partner makes personnel and facilities available to the Partnership, the General Partner may be compensated or reimbursed by the Partnership for any such administrative assistance.

(k) to enter into custodial arrangements regarding Securities owned beneficially by the Partnership with banks and brokers wherever located; and

(l) to establish, in its sole discretion, an advisory board, comprised of affiliates of the General Partner and/or The Grayson Fund Management Company, LLC (including, but not limited to, employees thereof), Limited Partners, and/or unrelated third parties as selected in the sole discretion of the General Partner, to provide such advice and counsel as is requested by the General Partner in connection with select Partnership matters; and

(m) to do such other acts as the General Partner may deem necessary or advisable in connection with the maintenance and administration of the Partnership.

Section 1.4 Assignability of Interest. Without the prior written consent of the General Partner, which may be withheld in its sole and absolute discretion, a Limited Partner may not (i) pledge, encumber, mortgage, transfer or assign its interest in the Partnership in whole or in part to any person except by operation of law, or (ii) substitute for itself as a Limited Partner any other person. Any attempted pledge, encumbrance, mortgage, assignment or substitution not made in accordance with this Section 1.4 shall be void, unless otherwise waived in the sole discretion of the General Partner.

Section 1.5 Costs of Special Services

Any costs incurred in connection with special services requested or in any way caused by a Limited Partner may be required to be paid by that Limited Partner, as determined by the General Partner in its discretion. Such services would include, for example, those that would benefit the Limited Partner but would not benefit the Partnership, such as the cost of a permitted Capital Contribution or withdrawal during a calendar month or a special evaluation or statement or financial accounting for the purpose of estate valuation or any other tax purpose.

ARTICLE II

MANAGEMENT OF PARTNERSHIP

Section 2.1 Management Generally. The management of the Partnership shall be vested exclusively in the General Partner who is designated in Part I of the Schedule. The General Partner may delegate or assign any of its duties or authority in connection with the management of the Partnership to the Investment Manager (as defined in Sec. 2.2(i)) and/or additional persons as determined in the sole discretion of the General Partner. Except as authorized by the General Partner, the Limited Partners shall have no part in the management of the Partnership, and shall have no authority or right to act on behalf of, or to bind, the Partnership in connection with any matter. Notwithstanding any other statement herein, all matters concerning the valuation of Securities, the establishment of any reserves, the allocation of Profit and Loss among the Partners, the allocation of related Partnership tax items among the Partners, elections with respect to tax matters and all accounting procedures not specifically and expressly provided for by the terms of this Agreement, shall be determined by the General Partner, whose determinations, so long as they are made in good faith, shall be final and conclusive as to all of the Partners.

Section 2.2 Authority of General Partner. The General Partner shall have the power, on behalf and in the name of the Partnership, to carry out any and all of the objects and purposes of the Partnership set forth in Sec. 1.3, and to perform all acts and enter into and perform all contracts and other undertakings which it may deem necessary or advisable in furtherance thereof or incidental thereto, including, without limitation, the power to:

(a) open, maintain and close accounts, including margin and custodial accounts, with broker-dealers, including broker-dealers located outside the United States and/or affiliated with the General Partner, which power shall include the authority to issue all instructions and authorizations to broker-dealers regarding the Securities and/or moneys therein (including instructions and authorizations for such broker-dealers to acquire or dispose of a Security through a market-maker notwithstanding any additional resulting expense); to pay, or authorize the payment and reimbursement of, brokerage commissions or dealer spreads that may be in excess of the lowest rates available that are paid to broker-dealers who execute transactions for the account of the Partnership and who supply or pay for (or rebate a portion of the Partnership's brokerage commissions to the Partnership for payment of) the cost of property or services (such as custodial services, rent for office space, research services, telephone lines, news and quotation equipment, computer facilities, publications and other products and services as more fully described in the Partnership's confidential private placement memorandum) utilized by the Partnership, it being recognized that certain of such arrangements are outside the parameters of Sec. 28(e) of the Securities Exchange Act of 1934, as amended, which permits the use of "soft dollars" in certain circumstances;

(b) subject to seeking best execution, take into consideration referrals of potential Limited Partners in the Partnership as a factor in the selection of broker-dealers;

(c) open, maintain and close accounts, including custodial accounts, with banks, including banks located outside the United States, and draw checks or other orders for the payment of money;

(d) lend, either with or without security, any Securities, funds or other properties of the Partnership, and borrow or raise funds and secure the payment of obligations of the Partnership by pledges or hypothecation of all or any part of the property of the Partnership, including incurring indebtedness for any purpose permitted under this Agreement, pursuant to which Partners agree that such indebtedness may be secured by the assets of the Partnership (including the Capital Contributions and Interests of the Partners), which may be assigned to a lender pursuant to such indebtedness; the Partnership or General Partner may assign to a lender any rights under the Subscription Agreements or any right to enforce the rights of the Partnership or General Partner under this Agreement; each Partner agrees to cooperate with any lender in executing any consent that is reasonably requested in connection with such indebtedness;

(e) do any and all acts on behalf of the Partnership, and exercise all rights of the Partnership, with respect to its interest in any person, including, without limitation, the voting of Securities, participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings, and other like or similar matters;

(f) organize one or more corporations or other entities formed to hold record title, as nominee for the Partnership, to Securities or funds of the Partnership;

(g) combine purchase or sale orders on behalf of the Partnership with orders for other accounts to which the General Partner or any of its affiliates provide investment services (“Other Accounts”), and allocate the securities or other assets so purchased or sold, on an average price or other basis, among such accounts;

(h) enter into arrangements with broker-dealers to open “average price” accounts wherein orders placed during a trading day are placed on behalf of the Partnership and Other Accounts and are allocated among such accounts using an average price;

(i) retain persons, firms or entities selected by the General Partner, including affiliates (including, but not limited to, The Grayson Fund Management Company, LLC), to provide certain management and administrative services to the Partnership as well as to provide investment research and analysis and/or discretionary management to the Partnership, (such other person, firm or entity providing such services from time to time, being herein called the “Investment Manager”), and to cause the Partnership to compensate the Investment Manager or any such person, firm or entity selected by the General Partner for such services; provided, however, that the management, control and conduct of the activities of the Partnership shall remain the responsibility of the General Partner;

(j) provide research and analysis and direct the formulation of investment policies and strategies for the Partnership;

(k) invest the Partnership in other pooled or structured investment vehicles and Other Funds and Managers, including those that pay fees to the General Partner or its affiliates and/or pay Partnership marketing expenses, which investments shall be subject in each case to the terms and conditions of the respective governing document for each such vehicle;

(l) attempt to negotiate "most favored terms" status with any Other Funds and Managers;

(m) authorize any partner, employee or other agent of the General Partner, or any agent or employee of the Partnership, to act for and on behalf of the Partnership, and to be paid fees out of Partnership assets in the sole discretion of the General Partner, in all matters incidental to the foregoing (including, but not limited to, administrative and accounting services performed for the Partnership); and

(n) appoint a person (the "Independent Client Representative") unaffiliated with the General Partner, Investment Manager, or any of their affiliates to act as the agent of the Partnership to give or withhold any consent of the Partnership required under applicable law to a transaction in which the General Partner or Investment Manager causes the Partnership to purchase securities or other instruments from, or sell securities or other instruments to, the General Partner, Investment Manager or their affiliates or to engage in brokerage transactions in which any of the General Partner's or Investment Manager's affiliates acts as broker for another person on the side of the transaction opposite that of the Partnership. If appointed, the Independent Client Representative may be paid by the Partnership and may receive an indemnity from the Partnership for claims arising out of activity in such capacity.

Section 2.3 Reliance by Third Parties. Persons dealing with the Partnership are entitled to rely conclusively upon the certificate of the General Partner to the effect that it is then acting as the General Partner and upon the power and authority of the General Partner as herein set forth.

Section 2.4 Activity of the General Partner. The General Partner, as well as affiliates of the General Partner, and any of their respective members, partners, officers, directors, stockholders, employees, advisors, counsel, consultants or other agents (collectively, "Affiliates"), shall devote so much of their time to the affairs of the Partnership as in the sole judgment of the General Partner the conduct of its business may reasonably require, and neither the General Partner nor its Affiliates shall be obligated to do or perform any act or thing in connection with the business of the Partnership not expressly set forth herein. Nothing herein contained in this Sec. 2.4 shall be deemed to preclude the General Partner or its Affiliates from exercising investment responsibility, or from engaging directly or indirectly in any other business, or from directly or indirectly purchasing, selling, holding or otherwise dealing with any Securities, for the account of any such other business, for their own accounts, or for the account of any of their family members or other clients. No Limited Partner shall, by reason of being a partner in the Partnership, have any right to participate in any manner in any profits or income earned or derived by or accruing to the General Partner or any Affiliate from the conduct of any business other than that of the Partnership, or from any transaction in Securities effected by the General Partner or any Affiliate for any account other than that of the Partnership.

Section 2.5 Exculpation. The General Partner and its Affiliates shall not be liable to any Limited Partner or the Partnership in the absence of gross negligence, as that term is defined under the laws of the State of Delaware ("gross negligence"), for mistakes of judgment or for action or inaction which said person reasonably believed to be in the best interests of the Partnership, or for losses due to such mistakes, action or inaction or to the negligence, dishonesty or bad faith of any employee, broker-dealer or other agent of the Partnership, provided that such employee, broker-dealer or agent was selected, engaged or retained by the Partnership without gross negligence. The General Partner and its Affiliates may consult with counsel and accountants in respect of Partnership affairs and be fully protected and justified in any action or inaction which is taken in accordance with the advice or opinion of such counsel or accountants, provided that they shall have been selected without gross negligence.

Notwithstanding any of the foregoing to the contrary, the provisions of this Sec. 2.5 shall not be construed so as to provide for the exculpation of the General Partner or any Affiliate for any liability (including liability under Federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the provisions of this Sec. 2.5 to the fullest extent permitted by law.

Section 2.6 Indemnification of the General Partner

(a) The Partnership shall indemnify to the fullest extent permitted by law, defend and hold the General Partner and, in the sole discretion of the General Partner, its Affiliates, and, in the discretion of the General Partner, the Partnership's Affiliates (each an "Indemnified Party") harmless from and against any loss, liability, damage, cost or expense, including, but not limited to, attorneys' fees, fines, settlements and liabilities of the Indemnified Party, in defense of any demands, claims or lawsuits against the Indemnified Party, in or as a result of or relating to its or their capacity, actions or omissions as General Partner or as an Affiliate, concerning the business or activities undertaken on behalf of the Partnership, including, but not limited to, any demands, claims or lawsuits initiated by a Limited Partner or resulting from or relating to the offer and sale of the interests in the Partnership, provided that the acts or omissions of the Indemnified Party are not found by a court of competent jurisdiction upon entry of a final judgment to be the result of gross negligence, fraud or willful misconduct.

(b) The Indemnified Party shall be entitled to receive advances to cover the costs of defending any claim or action against them; provided, however, that any such advances shall be repaid to the Partnership if such Indemnified Party is found by a court of competent jurisdiction upon entry of a final judgment to have been engaged in fraud, willful misconduct, or gross negligence. The Partnership shall make all indemnification provided for pursuant to this Sec. 2.6 solely out of Partnership assets, and only to the extent of such assets. Subject to the extent of available assets in the preceding sentence, all rights of an Indemnified Party shall survive the dissolution of the Partnership and the death, retirement, removal, dissolution, incompetency or insolvency of the Indemnified Party. The provisions of this Sec. 2.6 shall not limit, or be deemed to be a waiver of, the rights granted to all investors under the state and federal securities laws.

Section 2.7 Management Fee. The Partnership will pay, directly or indirectly (through its Feeder Funds), to The Grayson Fund Management Company, LLC, or its delegate, in advance, a quarterly management fee equal to 0.50% (2.00% annualized) of the initial Capital Account balances of the Limited Partners (including any portion of any initial Capital Account balance attributable to a Limited Partner's participation in any Designated Investment(s)) as of the first day of the quarter of the calendar year of the Partnership to which the management fee relates (pro-rated if necessary for any permitted intra-quarter Capital Contributions or withdrawals) (the "Management Fee"). The General Partner may, in its sole discretion, increase the Management Fee at any time, provided that prior notice thereof is given to the Limited Partners thereby affected. Any portion of the Management Fee attributable to a Limited Partner's participation in a Designated Investment shall be payable based upon the lower or higher of the Book Value of such Designated Investment or fair value assigned to such Designated Investment, as determined in the sole discretion of the General Partner (with an option to value at fair value), which might not be consistent with U.S. generally accepted accounting principles (or other industry accepted accounting standards). The Management Fee will be payable in advance by the Partnership as of the Closing and January 1, April 1, July 1 and October 1. The Management Fee shall be charged to the Capital Accounts of the Limited Partners based on their respective initial Capital Account balances as of the first day of the quarter of the calendar year of the Partnership to which the Management Fee relates. The General

Partner, The Grayson Fund Management Company, LLC, and their affiliates, certain of their family members and related entities and other persons and/or Limited Partners identified by the General Partner and/or The Grayson Fund Management Company, LLC shall not be subject to all, or any portion of, the Management Fee, or a higher management fee, in the General Partner's discretion. The Management Fee will be calculated before the Incentive Allocation and may be waived in the General Partner's discretion. The General Partner or The Grayson Fund Management Company, LLC may set aside a certain portion of the Partnership's assets as cash in order to ensure sufficient funds to cover the Management Fees, whether accrued or anticipated. Alternatively, the General Partner or The Grayson Fund Management Company, LLC may, in their sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Partnership's business, a respective portion of the Partnership's assets necessary to cover the Management Fees, whether accrued or anticipated. The General Partner or The Grayson Fund Management Company, LLC, as relevant, may, in their sole discretion, (i) receive an in-kind distribution of Partnership assets, and/or (ii) cause the Partnership to borrow funds for the sole purpose of covering the Management Fees, whether accrued or anticipated.

Section 2.8 Expenses

(a) The Partnership shall pay, or reimburse the General Partner for its payment of, directly or indirectly, to the extent not paid by any other Person (i) any and all costs and expenses incurred in connection with the acquisition or disposition of investments (whether or not consummated), including, without limitation, fees, costs and expenses payable to attorneys, accountants, consultants, administrators, custodians and other Persons related to the discovery, investigation, development, making, management and disposition of investments (whether or not consummated); (ii) any and all costs and expenses incurred in connection with the carrying out of investments; (iii) any and all fees, costs and expenses (including, but not limited to, organizational expenses, management fees, performance fees, and ongoing operational expenses) paid by the Partnership, whether directly or indirectly, with respect to its investment in Securities (including, but not limited to, any Other Funds and Managers); (iv) any and all costs and expenses incurred in connection with obtaining research and any related services or products thereto; (v) investment related and/or business travel expenses; (vi) client service and marketing expenses (including, but not limited to, entertainment and travel costs related to the marketing of the Partnership); (vii) brokerage commissions (including bid/offer spreads); (viii) expenses related to the attendance of affiliated persons of the Partnership at conferences; (ix) any and all fees and disbursements of attorneys, accountants, consultants, custodians, third party administrators, administrative personnel and other professionals relating to Partnership matters (including all legal and other organizational expenses incurred in the formation of the Partnership); (x) any and all taxes and governmental charges that may be incurred or payable by the Partnership; (xi) any and all insurance premiums (including, but not limited to, errors and omissions (E&O) insurance for the General Partner, its owner, employees, and/or principals or affiliates of any of the foregoing) or expenses incurred by the Partnership in connection with the activities of the Partnership; (xii) any and all expenses (including legal fees and expenses) incurred for the Partnership or the General Partner and their affiliates to comply with any law or regulation related to the activities of the Partnership or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Partnership, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in Section 2.6; (xiii) any and all expenses incurred in the preparation of reports of the Partnership and distributions to the Partners or in connection with any meeting of the Partners held pursuant to this Agreement or the Act; and (xiv) any and all expenses related to the Partnership's indemnification obligations pursuant to Section 2.6.

(b) Unless determined otherwise at any time in the sole discretion of the General Partner, the Partnership shall amortize all legal and other organizational expenses of the Partnership over five years (or such other time as determined in the sole discretion of the General Partner), even though this approach may not be consistent with generally accepted accounting principles or other industry accepted accounting standards. In the event the Partnership terminates its operations before such organizational expenses are fully amortized, amortization of the unamortized portion of such fee and expenses shall be accelerated and the unamortized portion will be debited against the Partners' Capital Accounts, thereby decreasing the amounts otherwise available for distribution to the Partners.

(c) To the extent that the General Partner determines, in its sole discretion, that certain expenses relate specifically to a particular Designated Investment, the General Partner shall have the authority to allocate such expenses to the Capital Accounts of Limited Partners pro-rata based upon their participating interest, if any, in such Designated Investment.

(d) Notwithstanding any other statement herein, Limited Partners will only incur one Management Fee (excluding any management fees charged by Other Funds and Managers, if any), either directly at the Partnership level or indirectly at the Feeder Fund level; the Management Fee may alternatively be waived or reduced, in the sole discretion of the General Partner, at any level (i.e. at the Partnership or Feeder Fund level) and allocated at any relevant other level (i.e. at the Partnership or Feeder Fund level).

ARTICLE III

CAPITAL ACCOUNTS OF PARTNERS AND OPERATION THEREOF

Section 3.1 Definitions. For the purposes of this Agreement, unless the context otherwise requires:

(a) The term "Accounting Period" shall mean the following periods: The initial Accounting Period shall commence upon the initial opening of the Partnership. Each subsequent Accounting Period shall commence immediately after the close of the next preceding Accounting Period. Each Accounting Period hereunder shall close at the close of business on any to occur of (i) the last day of each calendar month of the Partnership, (ii) the date immediately prior to the effective date of the admission of a new Partner pursuant to Sec. 5.1, (iii) the date immediately prior to the effective date of the increase in a Partner's Capital Account as a result of an additional Capital Contribution pursuant to Sec. 3.2, (iv) the effective date of any withdrawal pursuant to Articles IV or VI hereof, (v) the date a Designated Investment has a Readily Ascertainable Market Value or new Readily Ascertainable Market Value, or (vi) the date the Partnership is dissolved.

(b) The terms "Benefit Plan Investor" or "Plan" means (i) any "employee benefit plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")) (ii) any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") that is subject to Section 4975 of the Code or (iii) any entity whose underlying assets include assets of any "employee benefit plan" or "plan" described in the foregoing items (i) and (ii) by reason of any such plan's investment in such entity (excluding government plans, non-U.S. plans, and non-electing church plans).

(c) The term "Book Value" means the original price at which the Designated Investment was purchased (adjusted for amortizations of premiums or discounts, reserves,

principal amortization or other factors) or, with respect to an existing investment that becomes a Designated Investment, the value of the investment immediately preceding the time it became a Designated Investment.

(d) The term "Capital Account" shall mean the Capital Account maintained for each Partner in accordance with Sec. 3.3.

(e) The term "Designated Investment" shall have the same meaning as set forth under Sec. 3.6(g).

(f) The term "Feeder Fund" shall mean any investment fund that was formed for the purpose of investing substantially all of its assets in the Partnership and which is managed by the General Partner, The Grayson Fund Management Company, LLC, or any affiliate thereof.

(g) The term "Individual Profit" shall mean the portion of Profit allocated to any Partner in accordance with Sec. 3.6(a).

(h) The term "Individual Loss" shall mean the portion of Loss allocated to any Partner in accordance with Sec. 3.6(a).

(i) The term "Loss," with respect to any Accounting Period, shall mean the excess, if any, of the Net Asset Value of the Partnership as of the opening of business on the first day of the Accounting Period, after any additional contributions made on such date, over the Net Asset Value of the Partnership as of the close of business on the last day of such Accounting Period, prior to any distribution being made with respect to such Accounting Period.

(j) The term "Profit," with respect to any Accounting Period, shall mean the excess, if any, of the Net Asset Value (as defined in Sec. 3.5(b)) of the Partnership as of the close of business on the last day of the Accounting Period, prior to any distribution being made with respect to such Accounting Period, over the Net Asset Value of the Partnership as of the opening of business on the first day of such Accounting Period, after any additional contributions made on such date.

(k) The term "Person" shall mean an individual, a corporation, a company, partnership, trust, unincorporated organization, association or other entity.

(l) The term "Readily Ascertainable Market Value" means the value that is established (or re-established, as the case may be) when (i) a Designated Investment becomes liquid (including, without limitation, when there is trading activity, over-the-counter or otherwise, of the securities constituting the Designated Investment which activity the General Partner determines, in its sole discretion, reasonably values the Designated Investment), (ii) a Designated Investment is disposed of by the Partnership at arms-length for consideration other than for another Designated Investment, or (iii) circumstances otherwise exist such that, in the sole discretion of the General Partner, a value other than Book Value or a prior Readily Ascertainable Market Value (including, without limitation, when a certain passage of time occurs or when additional securities substantially similar to the Designated Investment have been issued by the issuer of the Designated Investment) can reasonably be established.

Section 3.2 Capital Contributions.

(a) Each Partner has made, or will make, a monetary contribution to the Partnership in the amount set forth opposite such Partner's name in Part I or II of the Schedule (herein called such Partner's "Initial Capital Contribution"). The minimum Initial Capital Contribution for each Limited Partner is five hundred thousand dollars (\$500,000). The General Partner, in its sole discretion, may increase or waive the foregoing minimum. Additional Capital Contributions may be made by Limited Partners only in accordance with the provisions of Sec. 3.2(b) ("Additional Capital Contributions", and collectively referred to herein with Initial Capital Contributions as "Capital Contributions"). For any Partner making an Initial Capital Contribution pursuant to this Section 3.2(a), the General Partner, in its sole discretion, may, in effect, "sell" a piece of each pre-existing Partner's indirect interest in each specific Security of the Partnership to any such Partner making an Initial Capital Contribution.

(b) A Limited Partner may make Additional Capital Contributions to the Partnership to be effective for investment on the first day of any calendar month beginning after the date hereof, or as otherwise permitted by the General Partner. The minimum Additional Capital Contribution shall be one hundred thousand dollars (\$100,000). The General Partner, in its sole discretion, may increase or waive the foregoing minimum. For any Partner making an Additional Capital Contribution pursuant to this Section 3.2(b), the General Partner, in its sole discretion, may, in effect, "sell" a piece of each pre-existing Partner's indirect interest in each specific Security of the Partnership to any such Partner making an Additional Capital Contribution.

(c) The General Partner reserves the right to reject any Initial or Additional Capital Contribution in whole or in part, for any or no reason whatsoever, or to remove any Limited Partner in its sole discretion.

(d) Capital Contributions will be effective for investment on either (i) the date hereof, if such Initial Capital Contribution is accepted prior to the date hereof; (ii) on the first day of any calendar month beginning after the date hereof, if such Initial Capital Contribution is accepted subsequent to the date hereof; or (iii) as otherwise permitted in the sole discretion of the General Partner.

(e) No Limited Partner is entitled to receive from the Partnership payment of any interest in any Capital Contribution.

(f) In the sole and absolute discretion of the General Partner, Limited Partners may be permitted to make Capital Contributions to the Partnership in kind. The value of such in kind Capital Contributions will be determined by the General Partner, typically based on listed exchange market values, valuations provided (directly or indirectly) to the General Partner by any Other Funds and Managers, or, in its sole and absolute discretion, the General Partner's own estimates of the fair value of such in kind Capital Contributions.

(g) The General Partner or other affiliates of the Partnership may make Capital Contributions to the Partnership, in the sole discretion of the General Partner, by any contribution (whether in kind or otherwise), including, but not limited to, cash, loans bearing market rates of interest, and appreciated securities valued at listed exchange market values or estimates. Any loans made to the Partnership by such persons shall be repayable by the Partnership on the General Partner's demand.

Section 3.3 Capital Accounts.

(a) The Partnership shall maintain a “Capital Account” for each Partner on the books of the Partnership in accordance with this Sec. 3.3.

(b) From and after the date hereof, the Capital Accounts of all Partners shall be adjusted as follows:

(1) Each Partner’s Capital Account shall be increased by the amount of such Partner’s contributions to the capital of the Partnership pursuant to Sec. 3.2; any Profit allocated to such Partner pursuant to Sec. 3.6; and any other item of income or gain allocated to such Partner pursuant to Sec. 3.10; and

(2) Each Partner’s Capital Account shall be decreased by the amount of cash and the fair market value (on the date of distribution) of any other Partnership property distributed to such Partner (net of the liabilities secured by such distributed property that such Partner is considered to assume or take subject to under Section 752 of the Code); any Loss allocated to such Partner pursuant to Sec. 3.6; and any other item of loss or deduction allocated to such Partner pursuant to Sec. 3.10.

(c) No loan made by a Partner to the Partnership shall constitute a capital contribution for any purpose. No interest shall be paid on any capital contribution to the Partnership.

Section 3.4 Partnership Percentages. A Partnership Percentage shall be determined for each Partner, for each Accounting Period of the Partnership, by dividing the amount of each Partner’s Capital Account by the aggregate Capital Accounts of all Partners as of the beginning of such Accounting Period. The sum of the Partnership Percentages shall equal 100 percent.

Section 3.5 Net Asset Value.

(a) “Asset Value” shall mean, as of any particular date (the “Determination Time”), the aggregate of the fair market or other value, determined in accordance with Sec. 3.8, of all assets of the Partnership as of the Determination Time, without regard to any liabilities of the Partnership, which amount shall be determined by the General Partner on the last business day of any Accounting Period and at such other times as the General Partner may from time to time direct, subject to the provisions of Sec. 3.5(d). The General Partner may delegate the computation of the Asset Value to a service provider of the General Partner’s choosing, subject to such supervision as the General Partner may determine to be necessary or appropriate. The General Partner may determine the Asset Value or cause the Asset Value to be determined in such manner as it deems reasonable and appropriate.

(b) “Net Asset Value” shall mean, as of the Determination Time, the excess of (i) the Asset Value as of such Determination Time, determined in the manner described in Sec. 3.5(a), over (ii) the aggregate amount of all liabilities of the Partnership as of such Determination Time, taking into account all properly accrued expenses (including, but not limited to, the Management Fee and other expenses described more fully under Sections 2.7 and 2.8) through such Determination Time. Net Asset Value shall be determined as of the close of business on the last business day of each Accounting Period and at such other times as the General Partner may from time to time direct, subject to the provisions of Sec. 3.5(d).

(c) The determination of Asset Value and Net Asset Value shall be made on an accrual basis in accordance with generally accepted accounting principles or other industry

accepted accounting standards unless determined otherwise by the General Partner; provided that (i) assets shall be carried at the values determined in the manner described in Sec. 3.5(a).

(d) The General Partner may suspend the determination of the value of the Partnership's assets (i.e. the Asset Value and Net Asset Value) or Capital Accounts for the whole or any part of a period at any time for any or no reason. With or without any such suspension, the Partnership may likewise suspend or cancel withdrawal requests (even after a timely withdrawal request for a Withdrawal Date (defined below) has been submitted by the applicable Withdrawal Notice Date (defined below) or even after the relevant Withdrawal Date has lapsed) or withhold payment to any person who has tendered a withdrawal request until after the suspension has been lifted. Notice of suspension will be given to any Limited Partner that has tendered a withdrawal request. The General Partner shall continue to receive its Incentive Allocation, if any, and Management Fee (based on estimates) on Designated Investments or in the event of suspension of withdrawals and/or calculation of the Fund's assets.

Section 3.6 Allocation of Profit and Loss; Incentive Allocation.

(a) General. At the end of each Accounting Period, the Capital Account of each Partner shall be adjusted by crediting Profit or charging Loss, as the case may be, to the Capital Accounts of the Partners, in proportion to the Partners' respective Capital Account balances as of the beginning of such Accounting Period, taking into account any additional contributions made at the beginning of such Accounting Period. Additionally, at the end of each Accounting Period where any Designated Investment is assigned a Readily Ascertainable Market Value, the Capital Account of each Partner with a participating interest in such Designated Investment shall be adjusted by crediting any Profit or charging any Loss attributable to such Designated Investment, as the case may be, to the Capital Accounts of such Partners, in proportion to such Partner's participating interest in such Designated Investment. Any amounts so credited under this Sec. 3.6 are subject to reallocation pursuant to 3.6(b).

(b) Incentive Allocation. Subject to Secs. 3.5(c), 3.5(d), 3.6(d), 3.6 (b)(1)-(3), 3.6(e), and 4.2(e) at the end of each calendar quarter of the Partnership, for each Limited Partner (with an adjustment made, if necessary, following any annual audit), an amount equal to twenty percent 20% of the excess, if any, of (i) the aggregate Individual Profit credited to such Limited Partner's Capital Account for any Accounting Period included in such calendar quarter, over (ii) the aggregate Individual Loss charged to such Partner's Capital Account for any Accounting Period included in such calendar quarter and any Net Loss Carryforwards, shall be reallocated, directly or indirectly, from each such Limited Partner's Capital Account and credited to the Capital Account of the General Partner (the "Incentive Allocation"). In no event shall any portion of the Incentive Allocation made to the General Partner for any prior period be returned to a Limited Partner.

(1) The Incentive Allocation, if any, or any portion thereof, may be increased, waived, or reduced by the General Partner for any Limited Partner in its sole discretion, provided that in the event of any increase, prior notice thereof is given to any such Limited Partner. Notwithstanding any other provision herein, in the sole discretion of the General Partner, the Incentive Allocation may be calculated differently with respect to any Limited Partner.

(2) The General Partner may set aside a certain portion of the Partnership's assets as cash in order to ensure sufficient funds to cover its Incentive Allocations, if

any, whether accrued or anticipated. Alternatively, the General Partner may, in its sole discretion, sell or assign, regardless of whether such selling or assignment would otherwise occur in the normal course of the Partnership's business, a respective portion of the Partnership's assets necessary to cover its Incentive Allocations, if any, whether accrued or anticipated. The General Partner may, in its sole discretion, (i) receive an in-kind distribution of Partnership assets, and/or (ii) cause the Partnership to borrow funds for the sole purpose of covering its Incentive Allocations, if any, whether accrued or anticipated.

(3) Limited Partners will only incur one Incentive Allocation (excluding any incentive allocations or performance fees allocated or charged by Other Funds and Managers, if any), either directly at the Partnership level or indirectly at the Feeder Fund level (provided that if the Incentive Allocation is made at the Partnership level, it shall be adjusted for Management Fees and other expenses paid at the Feeder Fund level but not reflected in the balances of the capital accounts of the Partnership (i.e. the Feeder Fund's Capital Account)); the Incentive Allocation may alternatively be waived or reduced, in the sole discretion of the General Partner, at any level (i.e. at the Partnership or Feeder Fund level) and allocated at any other level (i.e. at the Partnership or Feeder Fund level).

(c) "Net Loss Carryforwards" for any Partner initially shall equal zero, and shall be increased by the amount of Individual Loss allocated to such Partner's Capital Account, and reduced (but not below zero) by the amount of Individual Profit subsequently allocated to such Partner's Capital Account (prior to any reallocations pursuant to this section). The Net Loss Carryforwards for any Partner will be reduced in an amount proportionate to the amount of any withdrawals made by that Partner.

(d) In the event that the Partnership is dissolved otherwise than at the end of a calendar month, or the effective date of a Limited Partner's full or partial withdrawal is other than at the end of a calendar month, then the Profit or Loss or Net Loss Carryforwards, as the case may be, shall be determined for the period from month inception through the dissolution or withdrawal date.

(e) In the event that the Partnership is dissolved otherwise than at the end of a calendar quarter, or the effective date of a Limited Partner's full or partial withdrawal is other than at the end of a calendar quarter, then the Incentive Allocation shall be determined for the period from quarter inception through the dissolution or withdrawal date.

(f) In the event that the General Partner determines that, based upon tax or regulatory reasons, any Partner should not participate in the Profit or Loss, if any, attributable to trading in any Security or type of Security or to any other transaction, the General Partner may allocate such Profit or Loss only to the Capital Accounts of Partners to whom such reasons do not apply. In addition, if for any of the reasons described above, the General Partner determines that a Partner should have no interest whatsoever in a particular Security, type of Security or transaction, the interests in such Security, type of Security or transaction may be set forth in a separate memorandum account and the Profit and Loss for each such memorandum account shall be separately calculated. The Partnership will not allocate gains or losses attributable to "new issues", as such term is defined under applicable rules of the Financial Industry Regulatory Authority, Inc., to Partners who are not eligible to participate in such gains or losses under such rules.

(g) The General Partner may designate some or all of the investments held directly or indirectly by the Partnership as “Designated Investments” if such investments are, in the sole judgment of the General Partner, long-term, illiquid and/or without a Readily Ascertainable Market Value. However, notwithstanding any other statement herein, the General Partner may, in its sole discretion, maintain an investment as a Designated Investment whether or not such Designated Investment has a Readily Ascertainable Market Value. Designated Investments may include cash reserves as determined prudent by the General Partner to support such investments or provide for follow-on investments. Interests acquired after the Partnership’s direct or indirect acquisition or designation of a Designated Investment may not, in the sole discretion of the General Partner, participate in the profit, loss or income of such Designated Investment. A follow-on investment to a Designated Investment shall be treated as an independent Designated Investment.

Section 3.7 Amendment of Incentive Allocation. The General Partner shall have the right to amend, without the consent of the Limited Partners, Sec. 3.6 so that the Incentive Allocation therein provided conforms to any applicable requirements of the Securities and Exchange Commission and other regulatory authorities.

Section 3.8 Valuation of Assets Where appropriate, positions in the Partnership’s investment portfolio that are illiquid and/or do not actively trade and/or have a Readily Ascertainable Market Value (including, but not limited to, any Designated Investment(s) held by the Partnership), or whose listed prices are judged (in the sole discretion of the General Partner) as unreliable, will be, unless determined otherwise by the General Partner: (i) for purposes of the Partnership’s annually audited financial statements (if any), fair valued (taking into account actual market prices (if any), prices for comparable investments (if any) and/or such other factors as the General Partner (or its delegate) deems appropriate); and (ii) for Capital Account accounting purposes, either valued, in the sole discretion of the General Partner (or its delegate), at the lower or higher of the Book Value or fair value (if any) assigned to such positions (with an option to value at fair value in the sole discretion of the General Partner), which might not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards. The Partnership may, but is not required to, designate any illiquid or other Security (including, but not limited to, any Other Fund and Manager) as a Designated Investment.

(b) Securities that are listed on a securities exchange (including such Securities when traded in the after-hours market) may generally be valued at their last sales prices on the date of determination on the largest securities exchange on which such Securities shall have traded on such date, or if trading in such Securities on the largest securities exchange on which such Securities shall have traded on such date was reported on the consolidated tape, their last sales prices on the consolidated tape (or, in the event that the date of determination is not a date upon which a securities exchange was open for trading), on the last prior date on which such securities exchange was so open. If no such sales of such Securities occurred on either of the foregoing dates, such Securities may be valued at the “bid” price for long positions and the closing price or final “asked” price for short positions on the largest securities exchange on which such Securities are traded on the date of determination, or, if “bid” prices for long positions and the closing price or final “asked” prices for short positions in such Securities on the principal securities exchange on which such Securities shall have traded on such date was reported on the consolidated tape, the “bid” price for long positions and the closing price or final “asked” price for short positions on the consolidated tape (or, if the date of determination is not a date upon which such securities exchange was open for trading, on the last prior date on which such a securities exchange was so open). Options that are listed on a securities exchange may be valued at their last sales prices on

the date of determination on the largest securities exchange on which such options shall have traded on such date; provided, that, if the last sales prices of such options do not fall between the last "bid" and closing or final "asked" prices for such options on such date, then the General Partner may value such options at the mean between the last "bid" and closing or final "asked" prices for such options on such date. Notwithstanding any other statement herein, for Capital Account accounting purposes, the General Partner may value securities at prices other than those specified in this Section 3.8(b).

(c) All values assigned to Securities and other assets by the General Partner pursuant to this Sec. 3.8 shall be final and conclusive as to all of the Partners. Once a Limited Partner withdraws, notwithstanding any inaccurate valuations at the time of such withdrawal, such Limited Partner shall no longer have any claims with respect to its past Interest in the Partnership if it turns out such Interest in the Partnership was really worth more; however, the Partnership may seek, and Limited Partners hereby agree to allow the Partnership, to recover amounts distributed to Limited Partners if such amounts are later found to have been distributed in excess, notwithstanding any annual audit related to the period in question, based on, among other things: (i) later, more accurate, valuations; or (ii) the discovery or recognition after any period of a liability that relates to the period in which such distribution was based upon.

(d) All of the valuation powers and practices provided to the General Partner in this Section 3.8 shall also be provided to, and followed by, the General Partner's delegate, if any, with respect to such delegate's valuation of the Partnership's assets.

Section 3.9 Liabilities. Liabilities shall be determined in accordance with generally accepted accounting principles or other industry accepted accounting standards, applied on a consistent basis; provided, however, that, the General Partner in its sole and absolute discretion may provide reserves for estimated accrued expenses, liabilities or contingencies, including general reserves for unspecified contingencies, even if such reserves are not in accordance with generally accepted accounting principles or other industry accepted accounting standards.

Section 3.10 Allocation for U.S. Tax Purposes.

(a) For each calendar year of the Partnership, items of Partnership income, deduction, gain, loss or credit that are recognized for tax purposes shall be allocated pursuant to Treasury Regulations §1.704-1(b) in such manner as to equitably reflect amounts credited or debited to each Partner's Capital Account for the Accounting Periods included in such calendar year and all prior calendar years. Consistent with the foregoing, in the event that a Partner contributes readily marketable securities to the Partnership that are sold by the General Partner within a reasonable time period following receipt, any commissions and other transaction-related expenses incurred by the Partnership as a result of the sale shall be allocated to the contributing Partner. Allocations shall be made in accordance with the principles of Sections 704(b) and 704(c) of the Code and in conformity with the provisions of Treasury Regulations §1.704-1(b)(2)(iv)(f)(1) through (5) and §1.704-1(b)(4)(i) or any successor provisions, such that, to the extent possible, realized gains and losses of the Partnership with respect to particular securities are allocated to those who were Partners in the periods during which such gains and losses accrued in proportion to their holdings during such period.

(b) Notwithstanding anything in Sec. 3.6(b) to the contrary, in the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations §1.704-1(b)(2)(ii)(d)(4), §1.704-1(b)(2)(ii)(d)(5) or §1.704-1(b)(2)(ii)(d)(6), items of Partnership income (including gross income) and gain shall be specially allocated to such Partner

in an amount and manner sufficient to eliminate the deficit balance in its Capital Account (in excess of (i) the amount it is obligated to restore upon liquidation of the Partnership or upon liquidation of its interest in the Partnership and (ii) his share of the Minimum Gain (as defined in Treasury Regulations §1.704-2(c))) created by such adjustments, allocations or distributions as quickly as possible. Any special allocations of income and gain pursuant to this Sec. 3.10(b) shall be taken into account in computing subsequent allocations of income and gain pursuant to Sec. 3.6 or Sec. 3.10, so that the net amount of any items so allocated and the income, gain, loss, deduction and all other items allocated to each Partner pursuant to Sec. 3.6 or Sec. 3.10 shall, to the extent possible, equal the net amount that would have been allocated to each such Partner pursuant to the provisions of Sec. 3.6 or Sec. 3.10 if such special allocations had not been made.

(c) If the Partnership realizes net gains for Federal income tax purposes for any calendar year as of the end of which one or more Positive Basis Partners (as hereinafter defined) withdraw from the Partnership pursuant to Articles IV, VI or VII, the General Partner may elect to allocate such net gains as follows: (i) to allocate such net gains among such Positive Basis Partners, pro rata in proportion to the respective Positive Basis (as hereinafter defined) of each such Positive Basis Partner, until either the full amount of such net gains shall have been so allocated or the Positive Basis of each such Positive Basis Partner shall have been eliminated, and (ii) to allocate any net gains not so allocated to Positive Basis Partners to the other Partners in such manner as shall equitably reflect the amounts credited to such Partners' Capital Accounts pursuant to Sec. 3.6; provided, however, that if, following such calendar year, the Partnership realizes net gains from a sale of Securities the proceeds of which are designated on the Partnership's books and records as being used to effect payment of all or part of the interest in the Partnership of any Positive Basis Partner, there shall be allocated to such Positive Basis Partner an amount of such net gains equal to the amount, if any, by which its Positive Basis as of the effective date of its withdrawal (as determined under Sec. 6.4) exceeds the amount allocated to it pursuant to clause (i) of this sentence.

(d) As used herein, (i) the term "Positive Basis" shall mean, with respect to any Partner and as of any time of calculation, the amount by which its Capital Account as of such time exceeds its "adjusted tax basis", for Federal income tax purposes, in the Partnership as of such time (determined without regard to any adjustments made to such "adjusted tax basis" by reason of any transfer or assignment of such interest, including by reason of death), and (ii) the term "Positive Basis Partner" shall mean any Partner who withdraws from the Partnership and who has Positive Basis as of the effective date of its withdrawal, but such Partner shall cease to be a Positive Basis Partner at such time as it shall have received allocations pursuant to clause (i) of the preceding sentence equal to its Positive Basis as of the effective date of its withdrawal.

Section 3.11 Determination by General Partner of Certain Matters. All matters concerning the valuation of Securities and other assets of the Partnership, the allocation of profits, gains and losses among the Partners, including taxes thereon, and accounting procedures not expressly provided for by the terms of this Agreement, shall be determined by the General Partner, whose determination shall be final and conclusive as to all of the Partners.

Section 3.12 Adjustments to Take Account of Interim-Year Events. If the Code or regulations promulgated thereunder require a withholding or other adjustment to the Capital Account of a Partner, or if some other interim-year event occurs necessitating in the General Partner's judgment an equitable adjustment, the General Partner shall make such adjustments in the determination and allocation among the Partners of Profit, Loss, Net Loss Carryforward, Capital Accounts, Partnership Percentages, Incentive Allocation, Management Fee, items of income, deduction, gain, loss, credit or withholding for tax

purposes, accounting procedures, or other financial or tax items, as shall equitably take into account such interim-year event and applicable provisions of law, and the determination thereof by the General Partner shall be final and conclusive as to all of the Partners.

ARTICLE IV

WITHDRAWALS AND DISTRIBUTIONS OF CAPITAL

Section 4.1 Withdrawals and Distributions in General. No Partner shall be entitled to receive distributions from the Partnership, except as provided in Sec. 4.3 and Sec. 7.2.

Section 4.2 Withdrawals.

(a) Interests in the Partnership purchased, whether by newly accepted subscribers or existing Limited Partners, may not be withdrawn, either in whole or in part, until six months after the "Purchases" of such interests are made (the "Lock-Up Period"), unless otherwise permitted in the sole discretion of the General Partner. For purposes of this Agreement, "Purchases" mean the Initial or Additional Capital Contributions of Limited Partners. Purchases will be deemed to have occurred on the same date that an Investors' Capital Contribution is credited to the Partnership's trading account. Each Purchase will be subject to its own Lock-Up. The Partnership may use a First In First Out approach for determining the age of Purchases. Once interests in the Partnership have, or will have, been held for their complete Lock-Up Period, such interests may be withdrawn subject to the other terms generally applicable to withdrawals under this Agreement.

(b) Subject to Section 4.2(d) and any other limitations or restrictions described in this Section 4.2(b) or elsewhere in this Agreement, once the Lock-Up Period no longer applies to an interest in the Partnership, a Limited Partner may, upon written notice given to the General Partner not less than one hundred twenty (120) days prior to the end of any calendar quarter or such other time as the General Partner may determine (each a "Withdrawal Notice Date"), withdraw all or any portion of such interest in its Capital Account, less reserves determined in good faith by the General Partner and less the Limited Partner's share of any accrued, but unpaid, Partnership fees, allocations or expenses, including but not limited to the Management Fee and Incentive Allocation, effective immediately following the close of business of the last day of any calendar quarter, or as otherwise provided by the General Partner (the "Withdrawal Date"). The minimum withdrawal amount is \$100,000. A Limited Partner who elects to withdraw all of his Capital Account will be deemed to have retired as of the Withdrawal Date of such withdrawal. The General Partner has the discretion to suspend and/or reduce proportionally withdrawals if, immediately following such withdrawal, or withdrawals, Benefit Plan Investors would hold 25% or more of the Interests in the Partnership (or such other amounts that may be deemed "significant" pursuant to 29 C.F.R. 2510.3-101 or other relevant ERISA guidelines). Withdrawals in any calendar quarter may not exceed, and is subject to a "gate" of, 15% of the Partnership's net assets; as such, if Limited Partners request withdrawals in any calendar quarter which, in the aggregate, exceed 15% of the Partnership's net assets, each Limited Partner requesting a withdrawal shall be permitted to withdraw a pro-rata portion of its requested withdrawal amount so that the total of all such withdrawals equals 15% of the Partnership's net assets. A notice of withdrawal is irrevocable except as provided in the sole discretion of the General Partner. Withdrawal requests received after a Withdrawal Notice Date has passed, and withdrawals which are not permitted due to the aggregate 15% withdrawal limitation discussed herein (i.e. the 15% "gate"), will be deemed cancelled and must be resubmitted if the Limited

Partner continues to desire a withdrawal. Subject to Sections 4.2(d), 4.2(e) and Sec. 4.2(f), payment of ninety percent (90%) of withdrawal proceeds will normally be made within thirty (30) business days following the applicable Withdrawal Date in cash or in kind in the sole discretion of the General Partner. Any amount remaining in reserve following the completion of the annual audit (the "Retained Amounts") will generally be held and paid out pursuant to Section 4.2(c) below. No interest shall be paid for the period between the Withdrawal Date and any date of payment with respect to any withdrawals made by Limited Partners. Notwithstanding the foregoing or any other statement herein, the General Partner may limit or prohibit withdrawals, notwithstanding whether or not valuation of the Partnership's assets have been suspended, including under extraordinary or emergency circumstances or if, in its discretion, such withdrawals would not be in the best interests of the Partnership or maximize the return available by having to sell an investment to satisfy such withdrawals; the General Partner, in its sole discretion, may refuse requests for withdrawals or delay withdrawals or payments if the Master Fund suspends or limits withdrawals with respect to the Partnership or if the Partnership is not sufficiently liquid, which shall be determined in the sole discretion of the General Partner. In any of the foregoing circumstances, the Incentive Allocation, if any, and Management Fee will still be applied to the Capital Accounts of all Partners (including based on fair value estimates of Capital Account values in the event that withdrawals and/or valuation of the Partnership's assets are suspended). Notwithstanding any other statement herein, the General Partner may treat some Limited Partners differently (i.e. giving preferential terms and rights to one or more Limited Partners, as permitted in the sole discretion of the General Partner) with respect to distributions and withdrawals at any time, including during times when calculation of the Partnership's assets or withdrawals have been otherwise suspended with respect to the Partnership as a whole. The General Partner may use its authority to withdraw a Partner and pay withdrawals in kind to form and distribute interests in special purpose or liquidating vehicles holding certain illiquid Partnership assets. The General Partner, in its sole discretion, may retain such amount of a withdrawal request which it anticipates may be required to cover legal fees and expenses incurred in connection with any dispute surrounding such withdrawal. The General Partner may, but is not obligated to, hold un-invested cash, sell investments or borrow in order to honor any withdrawals. The General Partner may, at its sole discretion, expressly waive any of the foregoing restrictions.

(c) Prior to completion of the annual audit, the Retained Amounts may be invested by the General Partner together with other Partnership assets or segregated from other Partnership assets, as determined by the General Partner. Unless the General Partner determines in good faith that all or any portion of the Retained Amounts should continue to be retained, upon completion of the audit, the General Partner shall make such adjustments to the Capital Accounts of the Partners as are necessary in light of the audit, and shall then distribute to the Partner effecting such a withdrawal the Retained Amounts as increased or decreased, generally within sixty (60) days after the issuance of the annual audit report, to reflect a previous undervaluation or overvaluation, respectively, of that Partner's Capital Account, without interest. The Partnership and not the withdrawing Limited Partner shall receive any share of the Profits or Losses for the period during which the Retained Amounts are invested or any other Profits or Losses generated with respect to the Retained Amounts; Limited Partners shall be entitled to the Retained Amounts, as determined on the relevant Withdrawal Date (excluding any subsequent Profits or Losses thereon) and adjusted, if at all, pursuant to the annual audit of the Partnership.

(d) In the event that a Limited Partner withdraws all or some of his Interest(s) prior to the sale or other disposition of any Designated Investment(s) in which he participates, such Limited Partner's withdrawal proceeds shall not include any amount attributable to such Designated Investment until the General Partner, in its sole discretion, determines that such

investment no longer constitutes a Designated Investment, liquidates such Designated Investment in whole or in part (to the extent liquidated) or otherwise determines to distribute the same to the withdrawing Limited Partner in kind or, if in cash, pursuant to Sec. 4.2(e). For so long as the Partnership continues to own or hold such Designated Investment, such Limited Partner shall (a) remain entitled to receive its allocable share of the gains, losses and expenses (i.e. Partnership expenses) related thereto but (b) remain a Limited Partner in the Partnership only to the extent of its interest in such Designated Investments. A Limited Partner who has withdrawn its Interests and retains an Interest relating to any Designated Investment(s) shall remain at risk in the Partnership (and the Limited Partner shall remain as such only with respect to its interest in its Designated Investment) and shall continue to be subject to the terms of this Agreement until the Partnership issues the Limited Partner's withdrawal proceeds relating to such Designated Investment in accordance with the terms set forth herein and net of all accrued, but unpaid, Management Fees, Incentive Allocations, and/or expenses thereon.

(e) Notwithstanding any other provision of this Agreement, if a Limited Partner withdraws or is required to withdraw all or any portion of its Capital Account, and such Capital Account has a participating interest in any Designated Investment, the General Partner may, in its sole discretion, permit or require the Limited Partner to withdraw all or part of its participating interest in such Designated Investment. If the General Partner so elects, the General Partner may, in its sole discretion, modify the allocation provisions of this Agreement as necessary to (i) deem the Partnership to have sold, at the lower or higher of Book Value or fair value (with an option to mark at fair value) as determined in the sole discretion of the General Partner, the withdrawing Capital Account's pro-rata share of the Designated Investments in which the withdrawing Capital Account participates and which the General Partner permits or requires to be withdrawn, (ii) allocate any Profit or Loss realized upon such deemed sale solely to the withdrawing Capital Account, (iii) make an Incentive Allocation with respect to any allocation of Profit made under this Sec. 4.2(e)(ii), and (iv) treat any portion of a Designated Investment deemed sold (if it is not distributed to the withdrawing Limited Partner in kind) as a separate Designated Investment purchased by the Partnership on the withdrawal date for an amount equal to the deemed sale price.

(f) Any Partner that effects a withdrawal during a fiscal year shall be obligated upon notice to reimburse the Partnership in cash or immediately available funds for any overpayment made pursuant to such withdrawal, as determined after completion of the annual audit of the Partnership's books for that fiscal year and after any adjustments to the Capital Accounts of the Partners as are necessary in light of such audit; provided, however, that such reimbursement shall be required only to the extent that the overpayment exceeds the aggregate of any balance remaining in such Partner's Capital Account at the time of such determination, with the Partner's Capital Account being debited for the overpayment to cover all or a part of such reimbursement. In the event that proper reimbursement has not been received by the Partnership within thirty (30) days after proper notice, the amount of an overpayment shall begin to bear interest payable to the Partnership beginning as of the date that proper notice of the overpayment has been given, with the rate of interest to equal the prime rate announced by Citibank, N.A., New York, New York, or its successor, as of the date of such proper notice plus eight percent (8%); provided, however, that the maximum rate of interest payable hereunder shall not exceed the highest rate legally payable under applicable usury or other laws.

(g) Notwithstanding any other provision herein, the General Partner is authorized in its sole discretion to require any Limited Partner to withdraw from the Partnership for any or no reason. Benefit Plan Investors may be required to withdraw a portion or the entirety of their

interest from the Partnership if such investor's continued inclusion in the Partnership would cause the Partnership to become subject to ERISA requirements.

Section 4.3 Distributions

(a) The General Partner or its delegate may, in its sole and absolute discretion, make distributions in cash and/or in kind (including based on estimated values with respect to Designated Investments or Partnership assets generally when it is not reasonable for the Partnership to fairly determine the value of the Partnership's assets): (i) in connection with a withdrawal of funds from the Partnership by a Partner; (ii) at any time to only some of the Partners, as determined in the sole discretion of the General Partner; (iii) at any time to all of the Limited Partners on a pro rata basis in accordance with the Partners' Partnership Percentages; or (iv) to itself out of its own Capital Account at any time without making any distribution to Limited Partners. The Partnership is not required to pay distributions in amounts sufficient to pay any taxes due on such Limited Partner's interest in the Partnership.

(b) If a distribution is made in kind, immediately prior to such distribution, the General Partner shall determine the fair market value of the property distributed and adjust the Capital Accounts of all Partners upwards or downwards to reflect the difference between the book value and the fair market value thereof, as if such gain or loss had been recognized upon an actual sale of such property and allocated pursuant to Sec. 3.6. Each such distribution shall reduce the Capital Account to the distributee Partner by the fair market value thereof, or such other amount as the General Partner may determine.

(c) The General Partner may withhold taxes from any distribution to any Partner to the extent required by the Code or any other applicable law. For purposes of this Agreement, any taxes so withheld by the Partnership with respect to any amount distributed by the Partnership to any Partner shall be deemed to be a distribution or payment to such Partner, reducing the amount otherwise distributable to such Partner pursuant to this Agreement and reducing the Capital Account of such Partner.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Partnership and the General Partner on behalf of the Partnership, shall not be required to make a distribution or other payment to any Partner on account of its interest in the Partnership if such distribution or other payment would violate the Act or other applicable law.

ARTICLE V

ADMISSION OF NEW PARTNERS

Section 5.1 New Partners.

(a) Subject only to the condition that each new Partner shall execute an appropriate supplement to this Agreement pursuant to which it agrees to be bound by the terms and provisions hereof and appropriate subscription documents, the General Partner, in its sole and absolute discretion, may admit up to, and no more than, fifteen (15) new General Partners and/or Limited Partners as of the Closing and, thereafter, on the first day of any calendar month, or as otherwise permitted by the General Partner. Subject to Section 7.1, the Limited Partners shall not have the right to appoint any new Limited Partner, at any time. Subject to Section 7.1, an affirmative vote of a majority of the Limited Partners shall be sufficient to appoint a new General Partner, at any time. Admission of a new Partner shall not be a cause for dissolution of the

Partnership. For new Limited Partners in the Partnership pursuant to this Section 5.1(a), the General Partner, in its sole discretion, may, in effect, "sell" a piece of each current Limited Partner's indirect interest in each specific Security of the Partnership to such new Limited Partners.

(b) The General Partner may assign its interest in the Partnership to any third party, including, but not limited to, any entity that controls, is controlled by, or is under common control with the General Partner. Any change in the ownership or control of the General Partner shall not be deemed to be an assignment of its interest in the Partnership.

(c) At any time in the sole discretion of the General Partner, interests in the Partnership may be sold in one or more classes or series of limited partnership interests, each having such relative rights and preferences, including, without limitation, with respect to fees and incentive allocations, priorities or preferred returns, and/or pursuing varied investment strategies as determined by the General Partner. Notwithstanding any other statement herein: (i) the Partnership may achieve the effect of having created "classes" via special allocations to one or more specific Limited Partner's Capital Accounts without having legally created, per se, "classes" within the Partnership; and (ii) each Limited Partner may have different economics and/or holdings within the Partnership by special class or special allocation(s).

ARTICLE VI

WITHDRAWAL, DEATH, DISABILITY

Section 6.1 Withdrawal or Removal of General Partner.

(a) The General Partner may withdraw from the Partnership at any time. An affirmative vote of a majority of the Limited Partners shall be sufficient to remove, or force a withdrawal of, the General Partner (and to appoint a new general partner in its stead) at any time. A withdrawal made by a General Partner pursuant to this Sec. 6.1 shall also be subject, in the remaining General Partner's sole and absolute discretion, to the reserve described in Sec. 4.2. The termination, bankruptcy, insolvency, dissolution, or withdrawal of a General Partner shall not dissolve the Partnership, as long as at least one General Partner remains and if there is no remaining General Partner, then the Partnership shall be deemed to have been automatically dissolved. The legal representatives of a General Partner shall succeed as assignee to the General Partner's interest in the Partnership upon the termination, bankruptcy, insolvency or dissolution of such General Partner.

(b) In the event of the termination, bankruptcy, insolvency or dissolution of a General Partner, the interest of such General Partner shall continue at the risk of the Partnership business until the last day of the calendar quarter in which such event takes place, or the earlier termination of the Partnership. The Partnership shall pay such General Partner interest from the effective date of the withdrawal on the balance at the average (calculated weekly) per annum short-term (13-week) Treasury Bill rate, and such balance, together with all such interest earned thereon, shall be paid (subject to audit adjustments) within sixty (60) days after completion of the audit of the Partnership's books pursuant to Sec. 8.1.

(c) A General Partner who serves notice of withdrawal, or becomes bankrupt or insolvent or is removed, terminated or dissolved, or a General Partner's legal representatives, shall have no right to take part in the management of the business of the Partnership, and the interest in the Partnership, if any, of such General Partner shall not be included in calculating the

interests of the Partners or General Partner, respectively, required to take action under any provisions of this Agreement.

Section 6.2 Withdrawal, Death, etc. of Limited Partners.

(a) A Limited Partner shall have the right, at such times and under such conditions as are set forth in Sec. 4.2, to withdraw from the Partnership. Payment of withdrawal proceeds to a withdrawing Limited Partner shall be made in accordance with the terms of Sec. 4.2. The withdrawal, death, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner shall not dissolve the Partnership. The legal representatives of a Limited Partner shall succeed as assignee to the Limited Partner's interest in the Partnership upon the death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of such Limited Partner, but shall not be admitted as a substitute Partner without the consent of the General Partner.

(b) In the event of the death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner, the interest of such Limited Partner shall continue at the risk of the Partnership business. Such Limited Partner or its legal representatives shall be paid, in accordance with Sec. 4.2, the entire Capital Account of such Limited Partner, less reserves determined in good faith by the General Partner and the Limited Partner's share of any accrued, but unpaid, Partnership expenses. The Partnership shall not pay such Limited Partner interest from the effective date of the withdrawal on the balance of its Capital Account. Such balance, shall be paid (subject to audit adjustments and reserves) pursuant to Sec. 4.2.

(c) The interest of a Limited Partner that gives notice of withdrawal pursuant to Sec. 6.2(a) shall not be included in calculating the Partnership Percentages of the Limited Partners required to take any action under this Agreement.

Section 6.3 Required Withdrawals. The General Partner may terminate the interest of any Limited Partner in the Partnership for any or no reason upon written notice. The Partner receiving such notice shall be treated for all purposes and in all respects as a Partner who has given notice of withdrawal under Sec. 6.1 or Sec. 6.2, and such Limited Partner shall be paid, in accordance with Sec. 4.2, the entire Capital Account of such Limited Partner, less reserves determined in good faith by the General Partner and the Limited Partner's share of any accrued, but unpaid, Partnership expenses.

Section 6.4 Effective Date of Withdrawal. The Capital Account of a withdrawing Partner shall be determined pursuant to Sec. 4.2. For purposes of this Sec. 6.4, the effective date of a Partner's withdrawal shall mean (as the case may be): (i) the last day of the calendar quarter in which such Partner shall cease to be a Partner pursuant to Sec. 6.1; (ii) the last day of the calendar year in which such Partner shall cease to be a Partner pursuant to Sec. 6.2; or (iii) such date determined by the General Partner if such Partner shall be required to withdraw from the Partnership pursuant to Sec. 6.3. In the event the effective date of a Partner's withdrawal shall be a date other than the last day of a calendar quarter of the Partnership, the Capital Account of the withdrawing Partner shall be adjusted pursuant to Sec. 3.6 as if the effective date of such Partner's withdrawal was the last day of a calendar quarter.

Section 6.5 Limitations on Withdrawal of Capital Account. The right of any withdrawn Partner or its legal representatives to have distributed the Capital Account of such Partner pursuant to this Article VI is subject to the reserve described in Sec. 4.2 and to the provision by the General Partner for all Partnership liabilities in accordance with the Act and for reserves for contingencies and estimated accrued

expenses in accordance with Sec. 3.8. The unused portion of any reserve shall be distributed, without interest, after the General Partner has determined that the need therefor shall have ceased.

ARTICLE VII

DURATION AND DISSOLUTION OF PARTNERSHIP

Section 7.1 Duration. The Partnership's business shall commence upon the Closing and shall continue until the earlier of: (i) such time as the General Partner, in its sole and absolute discretion, shall determine; (ii) the termination, bankruptcy, insolvency, dissolution, or withdrawal of the sole General Partner; and (iii) any other event causing Partnership dissolution under Cayman Islands law.

Section 7.2 Winding Up. On dissolution of the Partnership, the General Partner (or, if there is no general partner, a liquidator appointed in accordance with the Act) shall make distributions out of Partnership assets, in the following manner and order:

- (a) to creditors, including Partners who are creditors, to the extent otherwise permitted by law or required by the Act, in satisfaction of liabilities of the Partnership (whether by payment or by establishment of reserves); and
- (b) to the Partners in the proportion of their respective Capital Accounts.

In the event that the Partnership is dissolved on a date other than the last day of a calendar quarter, the date of such dissolution shall be deemed to be the last day of a calendar quarter for purposes of adjusting the Capital Accounts of the Partners pursuant to Sec. 3.6. For purposes of distributing the assets of the Partnership upon dissolution, the General Partner shall be entitled to a return, on a pari passu basis with the Limited Partners, of the amount standing to its credit in its Capital Account and to its share of profits, based upon its Partnership Percentage, as adjusted or described herein. The General Partner or liquidator may delay liquidation or distribution of Partnership assets to the extent reasonably required by the liquidity of the assets. Designated Investments may be transferred to and held in a liquidating trust or similar vehicle at the discretion of the liquidator until liquidated.

ARTICLE VIII

TAX RETURNS; REPORTS TO PARTNERS

Section 8.1 Independent Auditors. The books and records of the Partnership will be audited by such accountants as may be selected by the General Partner, as of the end of each calendar year of the Partnership.

Section 8.2 Filing of Tax Returns. The General Partner shall prepare and file, or cause the accountants of the Partnership to prepare and file, a Federal information tax return in compliance with Sec. 6031 of the Code, and any required state and local income tax and information returns for each tax year of the Partnership.

Section 8.3 Tax Matters Partner. The General Partner shall be designated on the Partnership's annual Federal information tax return, and have full powers and responsibilities, as the Tax Matters Partner of the Partnership for purposes of Sec. 6231(a)(7) of the Code. Each person (for purposes of this Sec. 8.3 called a "Pass-Thru Partner") that holds or controls an interest as a Limited Partner on behalf of, or for the benefit of, another person or persons, or which Pass-Thru Partner is beneficially owned (directly or indirectly) by another person or persons shall, within thirty (30) days

following receipt from the Tax Matters Partner of any notice, demand, request for information or similar document, convey such notice or other document in writing to all holders of beneficial interests in the Partnership holding such interests through such Pass-Thru Partner. In the event the Partnership shall be the subject of an income tax audit by any Federal, state or local authority, to the extent the Partnership is treated as an entity for purposes of such audit, including administrative settlement and judicial review, the Tax Matters Partner shall be authorized to act for, and its decision shall be final and binding upon, the Partnership and each Partner thereof. All expenses incurred in connection with any such audit, investigation, settlement or review shall be borne by the Partnership.

Section 8.4 Reports to Partners. Audited financial statements, which will be prepared annually will be furnished to Limited Partners within one-hundred and twenty (120) days following the close of the Partnership's fiscal year, which ends on December 31, or as soon as practicable thereafter to the extent relevant information is not received by the Partnership (including necessary information from or with respect to any Other Funds and Managers). A statement of each Limited Partner's capital account activity will be compiled and will be sent with the annual financial statements. Notwithstanding any other statement herein, the Partnership's first audited financial statements will not be provided until after December 31, 2012 and will include the relevant portion of the Fund's fiscal calendar year for 2011 and all of the Fund's fiscal calendar year for 2012 (to the extent applicable). Except as otherwise specified herein or in the Partnership's offering documents, financial information contained in all reports to the Limited Partners will be prepared on an accrual basis of accounting in accordance with United States generally accepted accounting principles or other industry accepted accounting standards chosen by the General Partner (provided that the Partnership may amortize organizational costs over 60 months or such other time as determined in the sole discretion of the General Partner) and will include, where applicable, a reconciliation of information furnished to the Limited Partners for income tax purposes. Although not necessarily consistent with generally accepted accounting principles or other industry accepted accounting standards, the General Partner will not be required to provide to Limited Partners the Partnership's portfolio holdings or, except as discussed above, any other information. However, notwithstanding any other statement herein, the General Partner may disclose or not disclose and withhold, in its sole discretion, any and potentially differing levels of Partnership information, including, but not limited to, Partnership holdings, to or from any person, including, but not limited to, Limited Partners and outside parties. Limited Partners must keep confidential, except as otherwise required by law, and not disclose or trade on any information received from the Partnership, including, but not limited to, Partnership holdings. The General Partner, in its sole discretion, may withhold and keep confidential the names of the Limited Partners investing in the Partnership. Federal tax information will be provided to the Limited Partners within one-hundred and twenty (120) days following the close of each calendar year or as soon as practicable thereafter.

ARTICLE IX

MISCELLANEOUS

Section 9.1 General. This Agreement: (i) shall be binding on the executors, administrators, estates, heirs, and legal successors and representatives of the Partners; and (ii) may be executed, through the use of separate signature pages or supplemental agreements, in any number of counterparts with the same effect as if the parties executing such counterparts had all executed one counterpart; provided, however, that each such counterpart shall have been executed by the General Partner and that the counterparts, in the aggregate, shall have been signed by or on behalf of all of the Partners.

Section 9.2 Power of Attorney. Each of the Partners hereby appoints the General Partner as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign, acknowledge, swear to and file:

- (a) such instruments, documents, certificates, agreements or registers as may be required to comply with the Act;
- (b) any duly adopted amendment to this Agreement;
- (c) any and all instruments, certificates, and other documents that may be deemed necessary or desirable to effect the winding-up and termination of the Partnership;
- (d) any certificate, amendment thereto, or other instrument or document of any kind necessary or desirable to accomplish the business, purpose and objectives of the Partnership, to implement this Agreement, or as required by the Act or any applicable law;
- (e) any instruments or documents which the General Partner determines in its sole discretion are required to admit any new Limited Partners or to carry out the redemption or transfer of any Partnership Interests;
- (f) any declarations of limited partnership required in other jurisdictions and amendments thereto;
- (g) all deeds, agreements and other documents which the General Partner deems appropriate to qualify or continue the Partnership as an exempted limited partnership in the Cayman Islands and as required in the jurisdictions in which the Partnership may conduct business, or which may be required to be filed by the Partnership or the Partners under the laws of any jurisdiction or under any amendments or successor statute to the Act, to reflect the dissolution or termination of the Partnership or the Partnership being governed by any amendments or successor statutes to the Act or to reorganise or refile the Partnership in a different jurisdiction, provided that such reorganisation or refile does not result in a material change in the rights of the Partners; and
- (h) any documents as may be required to prosecute, defend, settle or compromise litigation, claims or arbitration on behalf of the Partnership.

The power of attorney hereby granted by each of the Limited Partners is coupled with an interest, is irrevocable, and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of such Limited Partner; provided, however, that such power of attorney will terminate upon the substitution of another limited partner for all of such Limited Partner's interest in the Partnership or upon the complete withdrawal of such Limited Partner from participation in the Partnership.

Section 9.3 Amendments to Partnership Agreement. The terms and provisions of this Agreement may be modified or amended, at any time and from time to time, with the consent of the General Partner, insofar as is consistent with the laws governing this Agreement. Each Partner, however, must approve of any amendment which would (a) reduce its Capital Account or rights of withdrawal; (b) convert such Partner's Interest in the Partnership into a General Partner's Interest or modify the limited liability of a Limited Partner; or (c) amend the provisions of this Agreement relating to amendments, including this Section 9.3.

Section 9.4 Choice of Law. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be governed by and construed under and in accordance with the laws of the Cayman Islands and, without limitation thereof, that the Act as now adopted or as may be hereafter amended shall govern the partnership constituted by this Agreement.

Section 9.5 Adjustment of Basis of Partnership Property. In the event of a distribution of Partnership property to a Partner or an assignment or other transfer (including by reason of death) of all or part of the interest of a Limited Partner in the Partnership, at the request of a Partner, the General Partner, in its sole and absolute discretion, may cause the Partnership to elect, pursuant to Sec. 754 of the Code, or the corresponding provision of subsequent law, to adjust the basis of the Partnership property as provided by Secs. 734 and 743 of the Code.

Section 9.6 Notices. Each notice relating to this Agreement shall be in writing and delivered in person, by certified mail (return receipt requested), by facsimile transmission, by electronic mail or by overnight courier service. All notices to the Partnership shall be addressed to its principal office and place of business, or to any facsimile number published as belonging to the Partnership at such address. All notices to a Partner shall be addressed to such Partner at its address for notices set forth in its subscription documents delivered to the Partnership in connection with its investment therein, or to any facsimile number or electronic mail address provided by such Partner in such documents. Any Partner may designate a new address by notice to that effect given to the Partnership. Unless otherwise specifically provided in this Agreement, a notice shall be deemed to have been effectively given when personally delivered, or two (2) business days after being sent by certified mail, or one (1) business day after being sent by overnight courier, or when sent by facsimile transmission or electronic mail, addressed in each case to the proper address, person and/or fax number or electronic mail address as provided above.

Section 9.7 Goodwill. No value shall be placed on the name or goodwill of the Partnership, which shall belong exclusively to the General Partner.

Section 9.8 Headings. The titles of the articles and the headings of the sections of this Agreement are for convenience of reference only, and are not to be considered in construing the terms and provisions of this Agreement.

Section 9.9 Pronouns. All pronouns shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons, firm or corporation may require in the context thereof.

Section 9.10 Arbitration

Any controversy, dispute or claim arising under this Agreement or any breach thereof shall be settled by arbitration conducted in Orlando, Florida in accordance with the then existing rules of the American Arbitration Association, provided that the foregoing shall not limit the Partnership's right to seek an injunction or other equitable or civil relief. Any such arbitration shall be conducted by a single arbitrator, and, in the case of any dispute with respect to accounting issues, the arbitrator shall be a partner of an accounting firm other than the Partnership's accountants. If the parties are unable to agree upon an arbitrator, then an arbitrator shall be appointed in accordance with the rules of the American Arbitration Association. The parties intend that this agreement to arbitrate be valid, enforceable and irrevocable and that any determination reached pursuant to the foregoing procedure shall be final and binding on the parties absent fraud. The costs and expenses of any such arbitration, including both legal fees of the

parties to the arbitration and all of the fees and expense of the arbitrator, shall be paid by such Limited Partner's Capital Account.

The parties consent to the jurisdiction of the courts of the State of Florida located in Orange County or the Supreme Court of the State of Florida, and of the United States District Court for the Middle District of Florida, for all purposes including in connection with any such arbitration. The parties agree that any process or notice of motion or other application to either of such courts, and any paper in connection with any such arbitration, may be served by certified mail, return receipt requested, or by personal service or in such other manner as may be permissible under the rules of the applicable court or arbitration tribunal, provided a reasonable time for appearance is allowed.

Section 9.11 Waiver Of Jury Trial. THE LIMITED PARTNERS WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THE EXEMPTED LIMITED PARTNERSHIP AGREEMENT OR ANY DOCUMENTS RELATED THERETO.

Section 9.12 RegisterThe General Partner shall keep (or cause to be kept in accordance with section 11 of the Act) at the registered office of the Partnership or such other place determined by it a Register of Partners containing such particulars relating to each Partner as it may deem appropriate, provided that the following particulars are recorded:

- (1) the name and address of each Partner and the amount and date of each subscription;
- (2) the amount and date of any contribution(s) of each Partner;
- (3) the number (and, if applicable, series) of Partnership Interests held by each Partner; and
- (4) the amount and date of any payment representing a return of any part of the contribution of any Partner.

(b) The Register shall be kept in such manner as to show at all times the Partners for the time being and the Partnership Interests respectively held by them.

(c) The General Partner may close the Register of Partners for any time or times not exceeding in the aggregate thirty days each calendar year.

(d) The General Partner shall also maintain or cause to be maintained at the registered office a register of mortgages in accordance with section 7 of the Act.

Section 9.13 Title to Partnership Assets. Title to the Partnership assets may be held in the name of the General Partner or the Partnership, or as the General Partner may from time to time in its absolute discretion determine, in the name of any body corporate, partnership, trust or other entity established by the General Partner on behalf of the Partnership to acquire and hold and manage Investments. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner shall be held in trust by the General Partner as an asset of the Partnership in accordance with section 7(8) of the Act, for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded

as the property of the Partnership in the General Partner's books and records, irrespective of the name in which legal title to such Partnership assets are held.

**LIMITED PARTNER SIGNATURE PAGE TO
EXEMPTED LIMITED PARTNERSHIP AGREEMENT OF
THE GRAYSON MASTER FUND (CAYMAN), LP**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

EXECUTED as a Deed by _____)

_____)

as General Partner)

acting by (Director)/(Authorised Signatory))

and (Director/Secretary) / (Authorised Signatory))

EXECUTED as a Deed by _____)

_____)

as [Limited Partner][Initial Limited Partner] acting by)

acting by (Director) /(Authorised Signatory))

and (Director/Secretary) / (Authorised Signatory))

Individual

EXECUTED as a Deed by _____)

_____)

as [General Partner]/[a Limited Partner])

in the presence of:)

)

Name and address of witness:)

)

)

**SCHEDULE
PART I**

GENERAL PARTNER

<u>Name</u>	<u>Address</u>	<u>Capital Contribution</u>
The Grayson Fund General Partner, LLC	[REDACTED] Suite 110 Orlando, FL 32819	\$1,000

TOTAL OF GENERAL PARTNER COMMITMENT **\$1,000**

**SCHEDULE
PART II**

LIMITED PARTNERS

<u>Name</u>	<u>Address</u>	<u>Initial Capital Contribution</u>
The Grayson Fund, LP	████████████████████ Suite 110 Orlando, FL 32819	\$ _____
The Grayson Fund (Cayman), LP	████████████████████ Suite 110 Orlando, FL 32819	\$ _____
TOTAL OF LIMITED PARTNER COMMITMENTS		\$ _____
TOTAL OF GENERAL PARTNER COMMITMENT		<u>\$1,000</u>
TOTAL OF FUND COMMITMENTS		\$ _____

#1055528_v3

EXHIBIT 7

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "THE GRAYSON FUND GENERAL PARTNER, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTEENTH DAY OF MAY, A.D. 2011.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "THE GRAYSON FUND GENERAL PARTNER, LLC" WAS FORMED ON THE NINETEENTH DAY OF APRIL, A.D. 2011.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

2011 MAY 17 AM 8:48
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

FILED



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110563973

You may verify this certificate online
at corp.delaware.gov/authrex.shtml

Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8767066

DATE: 05-17-11

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15-6530_0319

EXHIBIT 8

2015 FOREIGN LIMITED LIABILITY COMPANY ANNUAL REPORT

DOCUMENT# M11000002509

Entity Name: THE GRAYSON FUND GENERAL PARTNER, LLC

Current Principal Place of Business:

4705 S. APOPKA-VINELAND ROAD
110
ORLANDO, FL 32819

Current Mailing Address:

4705 S. APOPKA-VINELAND ROAD
110
ORLANDO, FL 32819

FEI Number: 35-2411257

Certificate of Status Desired: No

Name and Address of Current Registered Agent:

INCORPORATING SERVICES, LTD.
1540 GLENWAY DRIVE
TALLAHASSEE, FL 32301 US

The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.

SIGNATURE: _____

Electronic Signature of Registered Agent

Date

Authorized Person(s) Detail :

Title MGRM

Name GRAYSON, ALAN

Address [REDACTED]

City-State-Zip: [REDACTED]

I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.

SIGNATURE: ALAN GRAYSON

MGRM

02/11/2015

Electronic Signature of Signing Authorized Person(s) Detail

Date

RepGrayson_00000363

THAG_0364

15-6530_0321

EXHIBIT 9

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

OF

THE GRAYSON FUND GENERAL PARTNER, LLC

This Limited Liability Company Operating Agreement (this "Agreement") of THE GRAYSON FUND GENERAL PARTNER, LLC is entered into by the Members listed on Annex A hereto (individually referred to herein as a "Member" and collectively as the "Members") effective as of the ____th day of _____, 2011.

The Members have formed a limited liability company under the Delaware Limited Liability Company Act, Title 6, Chapter 18, Delaware Code (the "Act"), pursuant to this Agreement and the certificate of formation (the "Certificate") which have been filed with the Secretary of State of the State of Delaware in connection with the execution of this Agreement, and hereby agree as follows:

1. **Name.**

a. The name of the limited liability company is THE GRAYSON FUND GENERAL PARTNER, LLC (the "LLC"). The business of the LLC may be conducted under any other name deemed necessary or desirable by the Members (as defined below).

b. The Members have formed the LLC as a limited liability company pursuant to the provisions of the Act and of this Agreement and agree that the rights and liabilities of the Members and any future Members shall be as provided in the Act for Members except as provided herein.

2. **Purpose.** The LLC is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the LLC is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing generally expected to focus on managing as general partner one or more investment funds.

3. **Registered Office; Registered Agent.** The address of the registered office of the LLC in the State of Delaware is as set forth in the Certificate. The name and address of the registered agent of the LLC for service of process on the LLC in the State of Delaware is as set forth in the Certificate.

4. **Members.** The names and the mailing addresses of the Members are as set forth in Annex A hereto (the "Schedule of Members") as it may be amended from time to time (individually referred to herein each as a "Member" and collectively as the "Members"). A capital account ("Capital Account") shall be established and maintained for each Member. Each Member shall have a percentage interest in the LLC as designated within the Schedule of Members attached hereto as Annex A (each a "Percentage Interest", collectively the "Percentage Interests"). The Members are hereby admitted as Members of the LLC and such Members, as well as any other persons who later become Members, as a condition to becoming Members, agree to be bound by the terms of this Agreement. The LLC may admit additional Members upon the affirmative vote of the Manager.

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5. **Removal of Members.**

a. For the purposes of this Agreement, "Cause" shall mean:

i. a Member's indictment on a felony charge or being found to have violated a material U.S. federal or state securities law;

ii. a Member's appropriation of a business opportunity of the LLC for personal gain by such Member, except that investment of a Member's funds in a marketable security shall not be considered such; and

iii. the intentional failure of a Member to perform, in good faith, reasonable acts to further the business of the LLC;

b. A Member may be removed, without Cause, upon the affirmative vote of at least **seventy percent (70%)** of the Percentage Interests.

c. A Member may be removed, with Cause, upon the affirmative vote of at least **sixty percent (60%)** of the Percentage Interests.

6. **Powers.** Subject to Section 7, the Members shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by Members under the laws of the State of Delaware. Any person(s) who has executed the Certificate of Formation of the LLC is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file the Certificate of the LLC (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof) necessary for the LLC to qualify to do business in any jurisdiction in which the LLC may wish to conduct business. The Members also authorize and ratify all actions of Scott R. MacLeod and Suzanne M. Cleven of Holland & Knight LLP performed as authorized persons of the LLC, within the meaning of the Act, in connection with the execution, delivery and filing of the Certificate and any related documentation of the LLC.

7. **Management.**

a. Management of the LLC shall be vested in its Manager, except with respect to matters specified otherwise herein. The Manager shall manage the day-to-day business and affairs of the LLC and shall be authorized to act on behalf of and to bind the LLC, including, but not limited to, the completion, execution and delivery of any and all agreements, deeds, instruments, receipts, certificates and other documents, and to take all such other action as it may consider necessary or advisable in connection with the day-to-day management of the LLC. The Manager of the LLC shall be Alan Grayson.

b. Notwithstanding any other statement herein, no Manager shall have the authority to sell all or substantially all of the assets of the LLC, or convert, merge or consolidate the LLC with or into another entity, or dissolve, liquidate or terminate the LLC without the affirmative vote of at least sixty percent (60%) of the Percentage Interests:

c. Persons dealing with the LLC are entitled to rely conclusively upon the power and authority of the Manager as herein set forth.

8. **Capital Contributions.** The Members have made or will make contributions to the capital of the LLC in the proportions set forth in Annex A hereto.

9. **Additional Contributions.** Each Member shall make such additional capital contributions to the LLC (which capital contributions shall always be made by each Member in proportion to such Member's Percentage Interest set forth on Annex A hereto) as the Members, acting by a majority vote of the Percentage Interests, may deem necessary or advisable in connection with the business of the LLC.

10. **Profits/Losses.** Profits and losses of the LLC shall be allocated to the Members in accordance with their then specified Percentage Interest as designated on Annex A hereto. Amounts and timing of distributions shall be determined by the Manager.

11. **Withdrawals.** Withdrawals of capital may not be made unless approved by the written consent of the Manager.

12. **Fiscal Year; Tax Matters.**

a. The fiscal year of the LLC for accounting and tax purposes shall begin on January 1 and end on December 31 of each year, except for the short taxable years in the years of the LLC's formation and termination and as otherwise required by the law (tax or otherwise).

b. Proper and complete records and books of account of the business of the LLC, including the Schedule of Members, shall be maintained at the LLC's principal place of business for as long as applicable law requires. The Members agree that the LLC is intended to be classified and treated as a partnership for United States income tax purposes. The LLC's books of account shall be maintained on a basis consistent with such treatment and on the same basis utilized in preparing the LLC's United States federal income tax return (if required). Each Member and its duly authorized representatives may, for any reason reasonably related to its interest as a Member of the LLC, examine the LLC's books of account and make copies and extracts therefrom at its own expense. The Members shall maintain or delegate the maintenance of the records of the LLC for three years following the termination of the LLC.

c. The LLC shall not be required to perform audits, unless otherwise approved by the written consent of the Manager.

13. **Liability of Members.** The Members shall not have any liability for the obligations or liabilities of the LLC except to the extent provided in the Act.

14. **Dissolution.**

a. Absent the occurrence of an event of dissolution pursuant to Section 14(b) of this Agreement, the LLC shall have perpetual existence.

b. The LLC shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of sixty percent (60%) of the Percentage Interests; or (ii) the entry of a decree of judicial dissolution under Delaware law.

15. **Transfer.** A Member may transfer such Member's economic interest in the LLC to a spouse, child or revocable or irrevocable trust for the sole benefit of such Member's spouse, lineal descendants and lineal ascendants for estate planning purposes without any consent or right of first refusal. Any other transfer or asset protection must have the consent of the Manager. In the event a Member desires otherwise to sell, assign, transfer or dispose of all or any part of its interest which he or she owns or hereafter acquires in the LLC, and if that Member receives a bona fide offer from a third party to purchase his or her interest, then the selling Member shall be required to make a written offer to sell his or her interest to the LLC at the same price and upon the same terms and conditions as the interest was offered to the third party. If the LLC elects to purchase such interest, the LLC shall give the selling Member written notice thereof within thirty (30) days of the receipt of the written offer from the selling Member. If this offer is not accepted in full by the LLC within such thirty (30) day time period, the selling Member shall make a similar offer in writing to the remaining Members of the LLC, who shall have the right to purchase all, but not less than all, the remaining interest of the selling Member offered for sale, at the same price and upon the same terms and conditions as such interest has been offered to the third party. If there is more than one remaining Member, the portion of the interest to be purchased by each remaining Member shall be in based upon each Member's relative Percentage Interest, excluding the interest then owned by the selling Member. If any remaining Member does not desire to purchase his pro rata portion, the other remaining Members may purchase his portion, pro rata, based upon each Member's relative Percentage Interest after the exercise of the preceding offers. If the offer to the remaining Members is not accepted in full within thirty (30) days of its receipt by them, then the preceding offer to the LLC shall be null and void, and the selling Member may sell such interest offered for sale to the third party within thirty (30) days thereafter, but only at the price and upon the same terms and conditions as such interest has been offered to the LLC and the other Members. No sale of such interest shall be effective, however, until the transferee of the interest agrees in writing to be bound by and be subject to all the terms and restrictions set forth in this Agreement. In the event the interest is not sold to the third party within the 30-day period, the limitations of this section shall again apply to the interest owned by the selling Member. Unless otherwise approved by the Manager, a transferee pursuant to this Section 15 shall not be admitted as a substitute Member without the unanimous written consent of the remaining Members.

16. **Extraordinary Events.**

a. The following events shall be deemed "Extraordinary Events":

- i. the death, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Member;
- ii. the voluntary withdrawal of a Member from the LLC;
- iii. the removal, with Cause, of a Member from the LLC; and
- iv. the removal, without Cause, of a Member from the LLC.

b. An Extraordinary Event will not dissolve the LLC. Upon the occurrence of an Extraordinary Event to a Member, such Member's interest may be purchased for fair market value pro rata by the remaining Members of the LLC (without any obligation on their part to do so), or any of them (in the manner described by Section 15). Notwithstanding any other statement in this Agreement, if the remaining Members do not exercise the purchase right described in this Section 12(b) within a reasonable time after such Extraordinary Event happens to such Member, then:

- i. such Member, or his successors or heirs as the case may be, shall retain any of his remaining economic interest in the LLC but not his voting interest in the LLC; and
- ii. the remaining Capital Account of such Member shall continue at the risk of the LLC business and be subject to all other relevant terms of this Agreement.

17. **Indemnification.** To the full extent permitted by law, the LLC shall (a) indemnify any person or such person's heirs, distributees, next of kin, successors, appointees, executors, administrators, legal representatives or assigns who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a Member, Manager, attorney-in-fact, employee or agent of the LLC or is or was serving at the request of the LLC or its Members as an attorney-in-fact, officer, employee or agent of another corporation, limited liability corporation, partnership, joint venture, trust or other enterprise, domestic or foreign, against expenses, attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by such person in connection with such action, suit or proceeding and (b) pay the expenses incurred by such person in defending such civil or criminal action, suit or proceeding to the full extent authorized or permitted by the laws of the State of Delaware.

18. **Amendments.** Any amendments to this Agreement, including Annex A, shall be in writing and approved by a unanimous consent of the Percentage Interests.

19. **Governing Law.** This Agreement shall be governed by, and construed under, the laws of the State of Delaware, all rights and remedies being governed by said laws. The Members intend the provisions of the Act to be controlling as to any matters not set forth in this Agreement.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Agreement as of the day first above written.

Alan Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Skye Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Star Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Sage Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Stone Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Storm Grayson

Dorothy Ann Grayson, as Trustee of the Alan Grayson Irrevocable Trust FBO
Dorothy Ann Grayson dated 8/1/11

ANNEX A

<i>Name and Address of Members</i>	<i>Percentage Interest (%)</i>
Alan Grayson [REDACTED]	50
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Skye Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Star Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Sage Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Stone Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Storm Grayson	9.9
Alan Grayson Irrevocable Trust FBO Dorothy Ann Grayson dated 8/1/11	0.5

CAPITAL CONTRIBUTIONS

Alan Grayson	\$ 1,000
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Skye Grayson	\$ 198
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Star Grayson	\$ 198
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Sage Grayson	\$ 198
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Stone Grayson	\$ 198
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Storm Grayson	\$ 198
Alan Grayson Irrevocable Trust FBO Dorothy Ann Grayson dated 8/1/11	\$ 10
 <u>TOTAL</u>	 \$ 2,000

#10281945_v6

EXHIBIT 10

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "THE GRAYSON FUND MANAGEMENT COMPANY, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTEENTH DAY OF MAY, A.D. 2011.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "THE GRAYSON FUND MANAGEMENT COMPANY, LLC" WAS FORMED ON THE NINETEENTH DAY OF APRIL, A.D. 2011.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

4971060 8300

110563388

You may verify this certificate online
at corp.delaware.gov/authver.shtml



Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8767875

DATE: 05-17-11

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15-6530_0331

EXHIBIT 11

2015 FOREIGN LIMITED LIABILITY COMPANY ANNUAL REPORT

DOCUMENT# M11000002508

Entity Name: THE GRAYSON FUND MANAGEMENT COMPANY, LLC

Current Principal Place of Business:

4705 S. APOPKA-VINELAND ROAD
110
ORLANDO, FL 32819

FILED
Feb 19, 2015
Secretary of State
CC6308370224

Current Mailing Address:

4705 S. APOPKA-VINELAND ROAD
110
ORLANDO, FL 32819

FEI Number: 90-0720907

Certificate of Status Desired: No

Name and Address of Current Registered Agent:

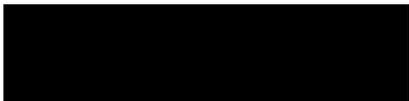
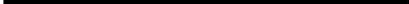
INCORPORATING SERVICES, LTD., INC.
1540 GLENWAY DRIVE
TALLAHASSEE, FL 32301 US

The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.

SIGNATURE:

Electronic Signature of Registered Agent Date

Authorized Person(s) Detail :

Title MGR
Name GRAYSON, ALAN
Address 
City-State-Zip: 

I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.

SIGNATURE: ALAN GRAYSON MGR 02/19/2015

Electronic Signature of Signing Authorized Person(s) Detail Date

EXHIBIT 12

LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
THE GRAYSON FUND MANAGEMENT COMPANY, LLC

This Limited Liability Company Operating Agreement (this "Agreement") of THE GRAYSON FUND MANAGEMENT COMPANY, LLC is entered into by the Members listed on Annex A hereto (individually referred to herein as a "Member" and collectively as the "Members") effective as of the ____th day of _____, 2011.

The Members have formed a limited liability company under the Delaware Limited Liability Company Act, Title 6, Chapter 18, Delaware Code (the "Act"), pursuant to this Agreement and the certificate of formation (the "Certificate") which have been filed with the Secretary of State of the State of Delaware in connection with the execution of this Agreement, and hereby agree as follows:

1. Name.

a. The name of the limited liability company is THE GRAYSON FUND MANAGEMENT COMPANY, LLC (the "LLC"). The business of the LLC may be conducted under any other name deemed necessary or desirable by the Members (as defined below).

b. The Members have formed the LLC as a limited liability company pursuant to the provisions of the Act and of this Agreement and agree that the rights and liabilities of the Members and any future Members shall be as provided in the Act for Members except as provided herein.

2. Purpose. The LLC is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the LLC is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing generally expected to focus on managing as investment manager one or more investment funds.

3. Registered Office; Registered Agent. The address of the registered office of the LLC in the State of Delaware is as set forth in the Certificate. The name and address of the registered agent of the LLC for service of process on the LLC in the State of Delaware is as set forth in the Certificate.

4. Members. The names and the mailing addresses of the Members are as set forth in Annex A hereto (the "Schedule of Members") as it may be amended from time to time (individually referred to herein each as a "Member" and collectively as the "Members"). A capital account ("Capital Account") shall be established and maintained for each Member. Each Member shall have a percentage interest in the LLC as designated within the Schedule of Members attached hereto as Annex A (each a "Percentage Interest", collectively the "Percentage Interests"). The Members are hereby admitted as Members of the LLC and such Members, as well as any other persons who later become Members, as a condition to becoming Members, agree to be bound by the terms of this Agreement. The LLC may admit additional Members upon the affirmative vote of the Manager.

5. **Removal of Members.**

a. For the purposes of this Agreement, "Cause" shall mean:

i. a Member's indictment on a felony charge or being found to have violated a material U.S. federal or state securities law;

ii. a Member's appropriation of a business opportunity of the LLC for personal gain by such Member, except that investment of a Member's funds in a marketable security shall not be considered such; and

iii. the intentional failure of a Member to perform, in good faith, reasonable acts to further the business of the LLC;

b. A Member may be removed, without Cause, upon the affirmative vote of at least **seventy percent (70%)** of the Percentage Interests.

c. A Member may be removed, with Cause, upon the affirmative vote of at least **sixty percent (60%)** of the Percentage Interests.

6. **Powers.** Subject to Section 7, the Members shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by Members under the laws of the State of Delaware. Any person(s) who has executed the Certificate of Formation of the LLC is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file the Certificate of the LLC (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof) necessary for the LLC to qualify to do business in any jurisdiction in which the LLC may wish to conduct business. The Members also authorize and ratify all actions of Scott R. MacLeod and Suzanne M. Cleven of Holland & Knight LLP performed as authorized persons of the LLC, within the meaning of the Act, in connection with the execution, delivery and filing of the Certificate and any related documentation of the LLC.

7. **Management.**

a. Management of the LLC shall be vested in its Manager, except with respect to matters specified otherwise herein. The Manager shall manage the day-to-day business and affairs of the LLC and shall be authorized to act on behalf of and to bind the LLC, including, but not limited to, the completion, execution and delivery of any and all agreements, deeds, instruments, receipts, certificates and other documents, and to take all such other action as it may consider necessary or advisable in connection with the day-to-day management of the LLC. The Manager of the LLC shall be Alan Grayson.

b. Notwithstanding any other statement herein, no Manager shall have the authority to sell all or substantially all of the assets of the LLC, or convert, merge or consolidate the LLC with or into another entity, or dissolve, liquidate or terminate the LLC without the affirmative vote of at least sixty percent (60%) of the Percentage Interests:

c. Persons dealing with the LLC are entitled to rely conclusively upon the power and authority of the Manager as herein set forth.

8. **Capital Contributions.** The Members have made or will make contributions to the capital of the LLC in the proportions set forth in Annex A hereto.

9. **Additional Contributions.** Each Member shall make such additional capital contributions to the LLC (which capital contributions shall always be made by each Member in proportion to such Member's Percentage Interest set forth on Annex A hereto) as the Members, acting by a majority vote of the Percentage Interests, may deem necessary or advisable in connection with the business of the LLC.

10. **Profits/Losses.** Profits and losses of the LLC shall be allocated to the Members in accordance with their then specified Percentage Interest as designated on Annex A hereto. Amounts and timing of distributions shall be determined by the Manager.

11. **Withdrawals.** Withdrawals of capital may not be made unless approved by the written consent of the Manager.

12. **Fiscal Year; Tax Matters.**

a. The fiscal year of the LLC for accounting and tax purposes shall begin on January 1 and end on December 31 of each year, except for the short taxable years in the years of the LLC's formation and termination and as otherwise required by the law (tax or otherwise).

b. Proper and complete records and books of account of the business of the LLC, including the Schedule of Members, shall be maintained at the LLC's principal place of business for as long as applicable law requires. The Members agree that the LLC is intended to be classified and treated as a partnership for United States income tax purposes. The LLC's books of account shall be maintained on a basis consistent with such treatment and on the same basis utilized in preparing the LLC's United States federal income tax return (if required). Each Member and its duly authorized representatives may, for any reason reasonably related to its interest as a Member of the LLC, examine the LLC's books of account and make copies and extracts therefrom at its own expense. The Members shall maintain or delegate the maintenance of the records of the LLC for three years following the termination of the LLC.

c. The LLC shall not be required to perform audits, unless otherwise approved by the written consent of the Manager.

13. **Liability of Members.** The Members shall not have any liability for the obligations or liabilities of the LLC except to the extent provided in the Act.

14. **Dissolution.**

a. Absent the occurrence of an event of dissolution pursuant to Section 14(b) of this Agreement, the LLC shall have perpetual existence.

b. The LLC shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of sixty percent (60%) of the Percentage Interests; or (ii) the entry of a decree of judicial dissolution under Delaware law.

15. **Transfer.** A Member may transfer such Member's economic interest in the LLC to a spouse, child or revocable or irrevocable trust for the sole benefit of such Member's spouse, lineal descendants and lineal ascendants for estate planning purposes without any consent or right of first refusal. Any other transfer or asset protection must have the consent of the Manager. In the event a Member desires otherwise to sell, assign, transfer or dispose of all or any part of its interest which he or she owns or hereafter acquires in the LLC, and if that Member receives a bona fide offer from a third party to purchase his or her interest, then the selling Member shall be required to make a written offer to sell his or her interest to the LLC at the same price and upon the same terms and conditions as the interest was offered to the third party. If the LLC elects to purchase such interest, the LLC shall give the selling Member written notice thereof within thirty (30) days of the receipt of the written offer from the selling Member. If this offer is not accepted in full by the LLC within such thirty (30) day time period, the selling Member shall make a similar offer in writing to the remaining Members of the LLC, who shall have the right to purchase all, but not less than all, the remaining interest of the selling Member offered for sale, at the same price and upon the same terms and conditions as such interest has been offered to the third party. If there is more than one remaining Member, the portion of the interest to be purchased by each remaining Member shall be in based upon each Member's relative Percentage Interest, excluding the interest then owned by the selling Member. If any remaining Member does not desire to purchase his pro rata portion, the other remaining Members may purchase his portion, pro rata, based upon each Member's relative Percentage Interest after the exercise of the preceding offers. If the offer to the remaining Members is not accepted in full within thirty (30) days of its receipt by them, then the preceding offer to the LLC shall be null and void, and the selling Member may sell such interest offered for sale to the third party within thirty (30) days thereafter, but only at the price and upon the same terms and conditions as such interest has been offered to the LLC and the other Members. No sale of such interest shall be effective, however, until the transferee of the interest agrees in writing to be bound by and be subject to all the terms and restrictions set forth in this Agreement. In the event the interest is not sold to the third party within the 30-day period, the limitations of this section shall again apply to the interest owned by the selling Member. Unless otherwise approved by the Manager, a transferee pursuant to this Section 15 shall not be admitted as a substitute Member without the unanimous written consent of the remaining Members.

16. **Extraordinary Events.**

a. The following events shall be deemed "Extraordinary Events":

- i. the death, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Member;
- ii. the voluntary withdrawal of a Member from the LLC;
- iii. the removal, with Cause, of a Member from the LLC; and
- iv. the removal, without Cause, of a Member from the LLC.

b. An Extraordinary Event will not dissolve the LLC. Upon the occurrence of an Extraordinary Event to a Member, such Member's interest may be purchased for fair market value pro rata by the remaining Members of the LLC (without any obligation on their part to do so), or any of them (in the manner described by Section 15). Notwithstanding any other statement in this Agreement, if the remaining Members do not exercise the purchase right described in this Section 12(b) within a reasonable time after such Extraordinary Event happens to such Member, then:

- i. such Member, or his successors or heirs as the case may be, shall retain any of his remaining economic interest in the LLC but not his voting interest in the LLC; and
- ii. the remaining Capital Account of such Member shall continue at the risk of the LLC business and be subject to all other relevant terms of this Agreement.

17. **Indemnification.** To the full extent permitted by law, the LLC shall (a) indemnify any person or such person's heirs, distributees, next of kin, successors, appointees, executors, administrators, legal representatives or assigns who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a Member, Manager, attorney-in-fact, employee or agent of the LLC or is or was serving at the request of the LLC or its Members as an attorney-in-fact, officer, employee or agent of another corporation, limited liability corporation, partnership, joint venture, trust or other enterprise, domestic or foreign, against expenses, attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by such person in connection with such action, suit or proceeding and (b) pay the expenses incurred by such person in defending such civil or criminal action, suit or proceeding to the full extent authorized or permitted by the laws of the State of Delaware.

18. **Amendments.** Any amendments to this Agreement, including Annex A, shall be in writing and approved by a unanimous consent of the Percentage Interests.

19. **Governing Law.** This Agreement shall be governed by, and construed under, the laws of the State of Delaware, all rights and remedies being governed by said laws. The Members intend the provisions of the Act to be controlling as to any matters not set forth in this Agreement.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Agreement as of the day first above written.

Alan Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Skye Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Star Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Sage Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Stone Grayson

Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Storm Grayson

Dorothy Ann Grayson, as Trustee of the Alan Grayson Irrevocable Trust FBO
Dorothy Ann Grayson dated 8/1/11

ANNEX A

<i>Name and Address of Members</i>	<i>Percentage Interest (%)</i>
Alan Grayson [REDACTED]	50
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Skye Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Star Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Sage Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Stone Grayson	9.9
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Storm Grayson	9.9
Alan Grayson Irrevocable Trust FBO Dorothy Ann Grayson dated 8/1/11	0.5

CAPITAL CONTRIBUTIONS

Alan Grayson	\$ 5,000
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Skye Grayson	\$ 990
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Star Grayson	\$ 990
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Sage Grayson	\$ 990
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Stone Grayson	\$ 990
Lolita C. Grayson, as Custodian of Fla. UTMA Acct. FBO Storm Grayson	\$ 990
Alan Grayson Irrevocable Trust FBO Dorothy Ann Grayson dated 8/1/11	\$ 50
<u>TOTAL</u>	\$ 10,000

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EXHIBIT 13

**Interview of Rep. Grayson Congressional Office Manager and
Business Director
October 16, 2015**

Helen Eisner: This is October 16, 2015, speaking is Helen Eisner from the Office of Congressional Ethics with my colleague Paul Solis. We are joined today by Rep. Grayson Congressional Office Manager and Business Director (the "Witness"), her counsel Ildefonso Mas and Brett Kappel. This is OCE Review 15-6530. We've given the Witness a copy of the False Statements Act and she has signed the acknowledgement form. With that we'll go ahead and get started.

Just some background questions, what is your current job?

Witness: For Congressman Grayson?

Helen Eisner: Where do you currently work? If there are multiple positions just a summary of your work at this current period of time.

Witness: I work at the House of Representatives for Congressman Grayson.

Helen Eisner: What is your position there?

Witness: Scheduler, office manager.

Helen Eisner: How long have you held that position?

Witness: Since 2012.

Helen Eisner: Would that have been?

Witness: The 113th Congress.

Helen Eisner: Besides that position what other positions do you currently hold?

Witness: I work part time at the Grayson Management Fund.

Helen Eisner: What is your position there?

Witness: I pay bills, do anything that needs to be done office management type things.

Helen Eisner: We're going to go into some details about the specific entities, the background so that I can know what to refer to you as, Office Manager is accurate?

Witness: Part-time Office Manager probably would be the best.

Helen Eisner: Do you hold any other positions currently?

Witness: No.

Helen Eisner: What about for the Committee to Elect Alan Grayson, do you hold a position for that entity?

Witness: No.

Helen Eisner: Any other campaign entities that you currently hold a position for?

Witness: No.

Helen Eisner: Did you previously hold a position for one of those entities?

Witness: For the Committee to Elect.

Helen Eisner: What was the time period and the title for that position?

Witness: It was Treasurer and it was probably for, it might have been for 3 months in 2014-2015. I'd have to look, I don't know exact dates.

Helen Eisner: Three months, okay.

Witness: It could have been four months, but it was very short.

Helen Eisner: Do you know who currently serves as treasurer for that Committee?

Witness: I think Dustin.

Helen Eisner: What is Dustin's last name?

Witness: I don't know. It begins with an A.

Helen Eisner: How do you know him, what's your relationship with Dustin?

Witness: I just know he works for the campaign.

Helen Eisner: Okay, just so I can understand, we talked about current positions, scheduler positions and then this part-time . . .

Witness: Anderson is his last name.

Helen Eisner: Anderson, okay.

Scheduler position, the part-time office manager position, how are you compensated for those positions?

Witness: What do you mean?

Helen Eisner: I'm not asking for salary or specifics, what is the source of compensation, where do the pay checks come from, who is paying for the salary that you earn for those two positions?

Witness: One from the House and one from the Grayson Management Fund.

Helen Eisner: From the Grayson Management Fund, okay so the Office Manager position technically the employer is the Grayson Management Fund?

Witness: Yes.

Helen Eisner: All right, getting into your relationship a little bit with Representative Grayson. How did you first meet him?

Witness: He needed an Office Manager for his law firm back in 2000 and I applied for the job.

Helen Eisner: Which law firm was that?

Witness: Grayson & Kubli.

Helen Eisner: Can you generally describe the nature of your relationship with Representative Grayson?

Witness: Employer-employee.

Helen Eisner: Employer, friendship those type of . . . how would you describe to someone, what type of relationship you have with Representative Grayson?

Witness: He is my employer.

Helen Eisner: He's your employer, okay. In your role as Office Manager . . . is it fair to say you're also Scheduler for Representative Grayson or is it strictly Office Manager in the official office in his Congressional office?

Witness: Scheduler.

Helen Eisner: Scheduler, okay.

Witness: Office.

Helen Eisner: You did say scheduler so . . .

Witness: Well Office Manager.

Helen Eisner: Office manager, scheduler.

Witness: I think both of them are in my court, Scheduler/Office manager.

Helen Eisner: Can you describe your responsibilities there in the official office, Congressional office?

Witness: I take care of, you know, what he needs in the office and do all of his scheduling, talk to people that want to have meetings with him. I'm at the front door so if anybody comes in I'll greet people that come in, set up his office for meetings sometimes, if there's not enough chairs in there.

Helen Eisner: Who do you report to in that position?

Witness: The Chief of Staff.

Helen Eisner: And who's the Chief of Staff?

Witness: Julie Tagen.

Helen Eisner: Is that a full-time position?

Witness: Yes.

Helen Eisner: What role do you play in completing or filing Representative of Grayson's financial disclosure statements, his periodic transaction reports?

Witness: None.

Helen Eisner: None?

Witness: None.

Helen Eisner: Do you know who does?

Witness: No.

Helen Eisner: Is there anyone in the office who would have responsibility for that?

Witness: Not that I know of. The only thing I do is put it on his schedule "due today".

Helen Eisner: Due today, okay. What I want to get into a little bit is what you mentioned, when you first met Representative Grayson, first started working in the position at one of the law firms, so what was the, I think you said Grayson & Kubli would have been the first law firm, is that the ...?

Witness: Grayson & Kubli.

Helen Eisner: I think you said it was 2000 was the year, okay, and so you started working there, what was your next position? Did you continue to work for Grayson & Kubli did you have any positions with other law firms over the course of, if you could walk us through from 2000 to close to the present, your positions specifically for any of those law firms.

Witness: I worked for Alan from 2000 to 2008 as Office Manager of the law firm and then 2009 and 2010 he and Kubli had a deal going on where, Alan sold it to him I had nothing to do with that and I worked for Kubli & Associates and then when the Congressman didn't win in 2011, his firm which was Grayson Law Center employed me until I think 2013. That's when I started working for the House full-time and then part-time.

Helen Eisner: Part-time.

Witness: I think at that time it was GL CTR I think the name had been changed.

Helen Eisner: Okay in ...?

Witness: When Todd left the Grayson Management Fund, which I think was also in 2013, I switched employment from GL CTR over to Grayson Fund.

Helen Eisner: Okay so you transitioned at that point, and Former Grayson Fund Vice President of Investor Relations is Former Grayson Fund Vice President of Investor Relations?

Witness: Yes.

Helen Eisner: Okay, so when Former Grayson Fund Vice President of Investor Relations left the fund you switched from GL CTR P.C. to a part-time position?

Witness: Yes.

Helen Eisner: We're going to get into some of the specific details. I think that's good to kind of set the ground work so I understand, that's about 13-14 years.

Witness: It's confusing because the name has changed a little bit along the way so.

Helen Eisner: That sets us up perfectly, because I want to go into some questions about those specific entities as the name changed over time. So in 2000 was it, I've seen some records that seems that it might have been Grayson Kubli & Hoffman at some point in time the law office of ...

Witness: Some time he brought, Hoffman worked for Grayson & Kubli and then not that he became a partner. But he got his name on the door at some point in there and I'd have to try to look up things to find out exactly when that was. Then Hoffman left and it turned back to Grayson & Kubli, so it was a short period.

Helen Eisner: Let's go into Grayson & Kubli then. What is Grayson & Kubli?

Witness: A law firm.

Helen Eisner: What type of work do they do?

Witness: I think mostly government contracting type work.

Helen Eisner: How many employees do they have?

Witness: Anywhere from in the beginning there was probably 6 or 8 up to maybe 16 or 18 and then down to me...

Helen Eisner: Okay and how many of those were attorneys? Do you know approximately?

Witness: Most of them.

Helen Eisner: This is specific to Grayson & Kubli or are you ...?

Witness: I'm going through the years.

Helen Eisner: Okay.

Witness: Grayson & Kubli when I first started there was probably 6 or 7 attorneys and I think 3 support staff including me.

Helen Eisner: You've mentioned Kubli a few times, who is Victor Kubli?

Witness: He worked for Alan.

Helen Eisner: What was his position?

Witness: Attorney.

Helen Eisner: Did he have any role in Grayson & Kubli beyond acting as an attorney?

Witness: No.

Helen Eisner: Did he have any management responsibilities?

Witness: No.

Helen Eisner: Who was your supervisor in your position for Grayson & Kubli?

Witness: Alan.

Helen Eisner: Okay, so did he give you direction, give you assignments, did all those come from Representative Grayson?

Witness: Yes, pretty much I mean the attorneys could ask me to do something for them, if they needed like paralegal work and I would do that.

Helen Eisner: I'm going to ask, I guess how are you paid and again I don't mean what was the salary just what was the process, where did the pay checks come from. Was it a salary or was it an hourly based fee. How did your compensation work?

Witness: It was hourly.

Helen Eisner: Okay and for hourly payments did you log hours and then turn those in?

Witness: No.

Helen Eisner: Can you just explain to us how it worked as far as your ... It's an hourly rate, how did that functionally work if you were being paid on an hourly...

Witness: We got paid every two weeks and I got paid for 80 hours.

Helen Eisner: Okay. You were paid for 80 hours, you weren't keeping track of the number of work ... Were you involved in any case work at Grayson and Kubli, working on cases of any type ... I know that you're not an attorney but any participation in the casework or legal work?

Witness: They would ask me to type up stuff.

Helen Eisner: Okay. What kind of stuff?

Witness: If they needed something proofread, a briefing proofread, I would proofread. If they needed me to look up stuff on the court websites, I could do that.

Helen Eisner: Okay.

Witness: I mostly did billing, sending out bills, paying bills, invoicing.

Paul Solis: But no filing anything with the courts? They write up a brief or they write a motion?

Witness: Yeah, many times I drove down to Alexandria and Fairfax.

Paul Solis: Filed paperwork with the court?

Witness: Yeah.

Helen Eisner: Did you get a sense of how many clients the firm had and again, specifically Grayson and Kubli?

Witness: Over 20, over 25, there was a lot of clients.

Helen Eisner: These were government contract cases generally?

Witness: I think so, but not all of them. You wouldn't go there for divorce. That wasn't what they did. They did a lot of government work, I guess like a litigation and if a client lost a government contract, they would work on that and see if there was a reason why they lost it.

Helen Eisner: Now then moving on chronologically to Kubli and Associates, I believe you also were an Office Manager?

Witness: Yes.

Helen Eisner: Okay. What type of work did Kubli and Associates do?

Witness: Same thing.

Helen Eisner: Same type of work? Do you have a sense of how many employees worked at Kubli?

Witness: There was most of them, there was probably 16, 18.

Helen Eisner: Who was your supervisor there?

Witness: Victor Kubli.

Helen Eisner: How were you hired to work at Kubli and Associates? How did that work?

Witness: It was a transition of a merger. All the attorneys stayed, all the support staff stayed.

Helen Eisner: Did anyone say, you're going to be doing ... One day, did somebody come to you and tell you, "This is no longer going to be a Grayson and Kubli, it's going to be Kubli and Associates." Was there an announcement? Paperwork? Just the general process of your ...?

Witness: Well, new letterhead, new paperwork, new filings with the SEC or the State Corporate Commissions to change everything over.

Paul Solis: Was there a disruption ...

Witness: There was a lot of ..

Paul Solis: Go ahead.

Witness: There was a lot of ... is it case withdrawals where Alan's name came off and Victor's name went on. There was a lot of that.

Helen Eisner: How did you become familiar with those?

Witness: I just knew all the lawyers worked on that, but I was office manager, I knew what was going on.

Helen Eisner: All the lawyers worked on the case withdrawals?

Witness: The lawyers on the cases would work on their case withdrawals.

Helen Eisner: Okay.

Witness: I guess I think that's how it worked. Isn't that how it works?

Helen Eisner: Did they spend a lot of time on that? On the withdrawals?

Witness: I don't think so. It's a one or two-paged thing that has to go to court. It's not ...

Helen Eisner: Did you file those withdrawals?

Witness: I think they're filed electronically.

Helen Eisner: I'm just trying to get a sense of ...

Witness: No, I think they file . . . I think usually, you can file them electronically, maybe. I don't know.

Helen Eisner: Okay. I was just trying to understand how you became familiar with that process that was occurring.

Witness: I knew it had to happen.

Paul Solis: Why did you know it had to happen?

Witness: Because Alan wasn't working on the cases anymore. Right? So he had to take his name off.

Paul Solis: Again, with Kubli and Associates, was Alan ever in the office anymore after this transition occurred?

Witness: No.

Paul Solis: Did you ever see him back in the office at any time?

Witness: Not that I remember.

Paul Solis: When the transition happened from Grayson and Kubli to Kubli and Associates, was there any disruption in you receiving payment or was it just a smooth transition with a how you were paid week to week?

Witness: It was pretty smooth.

Helen Eisner: I think you mentioned for Grayson and Kubli, you were involved in billing. Were you also involved in billing for Kubli and Associates?

Witness: Mm-hmm (affirmative).

Helen Eisner: Would you say that the clients remained the same?

Witness: Mm-hmm (affirmative).

Paul Solis: Just that if you could, just say yes.

Witness: Yes.

Paul Solis: Thank you.

Witness: Sorry.

Helen Eisner: You mentioned earlier that there was “some type of deal going on”, I think that was your words about the transition from Grayson and Kubli to Kubli and Associates. Can you just explain that us to a little bit more, your understanding of the deal and what that would have been?

Witness: I had nothing to do with it so I don't have any understanding.

Helen Eisner: Okay. Did you hear people talking about any type of agreement or provisions for one firm turning into another firm?

Witness: No.

Helen Eisner: Did the cases seem like they stayed the same as far as from Grayson and Kubli to Kubli and Associates?

Witness: Yes.

Helen Eisner: The attorneys, the employees of Kubli and Associates, how were they paid?

Witness: Every two weeks?

Helen Eisner: Who would sign their paychecks?

Witness: It was all direct deposit so nobody really had to sign them.

Helen Eisner: For the billing responsibility, ultimately for signatures, making sure that things went out on time, was there someone who had ultimate authority for that? Who would have signed off on any type of financial decisions at Kubli and Associates?

Witness: Victor Kubli.

Helen Eisner: Okay. Are you familiar with Grayson Law Firms Attorney?

Witness: Alisa.

Helen Eisner: Grayson Law Firms Attorney, okay. What type of cases did she work on at Kubli and Associates?

Witness: Government contract and stuff.

Helen Eisner: Do you know which cases particularly?

Witness: I don't.

Helen Eisner: Do you know how clients were billed for the work that she performed?

Witness: What do you mean?

Helen Eisner: She was one of many attorneys that I think you were working for, you were collecting bills, the work that she performed, other attorneys performed for the firm, what was the process there? How were clients billed?

Witness: They put their time in the time slips and I print it out, send out bills.

Helen Eisner: Okay. As we understand it, it seems that she was working on a number of cases for the law firm including cases that Representative Grayson had a direct interest in. Are you familiar with that?

Witness: Yes.

Helen Eisner: Which cases are these? Do you know the names of any of those cases?

Witness: They're Derivium cases, that's all Derivium.

Helen Eisner: Was Representative Grayson billed for work performed for those cases?

Witness: I didn't bill him.

Helen Eisner: You didn't bill him for the Derivium cases?

Witness: Right.

Helen Eisner: Did you have any conversations about that? Do you have an understanding about that?

Witness: No.

Helen Eisner: Did Grayson Law Firms Attorney turn in hours for those cases, for hours that she worked?

Witness: I don't think so, not that I remember.

Helen Eisner: Generally for Kubli and Associates, I guess I should ask, were you familiar with the payments that were going out to employees? Is that something that you would have had knowledge of as far as salary and compensation?

Witness: To employees?

Helen Eisner: Of Kubli and Associates.

Witness: Their salaries?

Helen Eisner: Mm-hmm (affirmative).

Witness: Yes.

Helen Eisner: Did any payments ever go directly to Representative Grayson from Kubli and Associates?

Witness: No.

Helen Eisner: Compensation, what about other payments? Were you responsible for any other financial payments from Kubli and Associates directly to Representative Grayson?

Witness: No.

Helen Eisner: No?

Paul Solis: You need to answer yes or no so they can pick it up on the tape.

Witness: No.

Helen Eisner: Thank you.

Paul Solis: I want to ask you, did you have any responsibility in having payments sent out from Kubli and Associates to Alan Grayson? Are you aware of any payments? Any amount of money that would have ever gone from Kubli and Associates to Alan Grayson, maybe that you didn't take a part in the administration of but you knew about it?

Witness: No.

Paul Solis: Now I'm going to ask you about the Derivium cases. Just specifically ask you about Alan Grayson and Grayson Law Firms Attorney in any billing they would have performed, billing that you would have attributed to the client for work they did on those cases, who would you bill for work on those cases at Kubli and Associates?

Witness: That I don't know. I was the one doing billings so I know didn't bill anything out on Derivium.

Paul Solis: Who would have billed out? Who would have assessed the hours worked and sent the bill to clients for the Derivium cases?

Witness: I don't think anybody. I don't know. I mean unless Victor did something.

Helen Eisner: You worked at Kubli and Associates and then I think as we were talking earlier, you mentioned the next law firm that you worked was Grayson Law Center?

Witness: Yes.

Helen Eisner: Was that a direct transition from Kubli and Associates to Grayson Law Center?

Witness: Yes.

Helen Eisner: Tell us about that. Did you change offices? Change titles?

Witness: No, just another merger.

Helen Eisner: What did change?

Witness: I worked for Alan then again and not Victor.

Helen Eisner: Okay. What happened to Victor? Was he still involved?

Witness: He worked for Grayson Law Center for a while, and then I don't remember what year it was but in June, I remember the month, he left and he might have some law firm. I don't know.

Helen Eisner: Again, your position was office manager at Grayson Law Center? Is that a full-time position?

Witness: Yes.

Helen Eisner: How many hours per week would you say that you worked?

Witness: 40.

Helen Eisner: Your supervisor was Representative Grayson that time?

Witness: Yes.

Helen Eisner: Did anyone else have any type of supervisory role over you?

Witness: No.

Helen Eisner: Again, how were you paid in your position as office manager?

Witness: Hourly.

Helen Eisner: Hourly, okay. Did your ...

Witness: Hourly.

Helen Eisner: Hourly okay. Did your responsibilities change in any way?

Witness: No.

Helen Eisner: Were you still involved in client billing for Grayson Law Center?

Witness: Yes.

Helen Eisner: How many clients would you say, you know approximately again, that Grayson Law Center had?

Witness: I'd have to look at the timeframe, but I think it was more of a winding down period. There might have been 3 or 4 clients.

Helen Eisner: Previously you've described some of the types of cases that the other law firms worked on. What types of clients were these 3 or 4 clients?

Witness: I think they were whistle blowing the cases.

Helen Eisner: Okay how many employees did Grayson Law Center have?

Witness: I think they were 3 attorneys, 3 or 4 attorneys and 2 support staff.

Helen Eisner: Was that throughout your entire time working at Grayson Law Center?

Witness: No towards the end it was just me.

Helen Eisner: Just you and Representative Grayson, was he still involved at that point?

Witness: Yes.

Helen Eisner: Any other attorneys? What happened ...?

Witness: I don't remember when Alisa left. She was the last one to leave I don't remember the day that she left.

Helen Eisner: Do you have an approximate sense of a year or season?

Witness: It was probably beginning of 2012 maybe.

Helen Eisner: What happened to, you know, we've talked about quite a few attorneys working previously at Grayson and Kubli and Kubli and Associates as well. What happened to those other attorneys that in that did not transition to Grayson Law Center?

Witness: They all got laid off when they worked for Kubli and Associates and there were very few left when Grayson Law Center came about.

Paul Solis: Do you know why they got laid off?

Witness: We lost a big client.

Helen Eisner: Which client was that?

Witness: I don't know if I should ... Am I ...

Brett Kappel: You can tell the name of the client.

Witness: IDT and they were doing patent law for IDT.

Helen Eisner: Okay and that was for Kubli and Associates? Were you involved in the accounting or tax preparation for Grayson Law Center?

Witness: Yes.

Helen Eisner: Okay, so if you can give us a sense of the type of income that Grayson Law Center generated during your time there.

Witness: Grayson Law Center. Most of the income that came in from Grayson Law Center I believe it was collection stuff dating back to Grayson and Kubli.

Helen Eisner: Collections from what?

Witness: Clients that didn't pay.

Helen Eisner: Okay was there ... Why was that money, the collections going to Grayson Law Center?

Witness: It was the money from Grayson and Kubli from years gone by.

Helen Eisner: Okay, but the collection had initially occurred during the time period that Grayson and Kubli, sorry Kubli and Associates was in existence?

Witness: It would have been work done prior to that for Grayson and Kubli.

Helen Eisner: For Grayson and Kubli the law firm that worked on that prior to that or during from client work done for Grayson and Kubli and then the collections for Grayson Law Center were coming based on that work and those clients?

Witness: Yes.

Helen Eisner: Okay.

Witness: That's another thing I did is collections. It was stuff from like 2006, 7, 8 that was getting paid that would be paid.

Helen Eisner: The collections for Grayson Law Center were any of those collections from work performed by Kubli and Associates?

Witness: I don't think so.

Helen Eisner: Okay.

Witness: I don't think so.

Helen Eisner: You talked about the money coming in from or the possible income coming in from collections. Can you give us a sense of how much, what are we talking about?

Witness: Well, I know one company owed in the millions, and Alan settled for half of what they owed and that was a monthly payment for 18 months.

Helen Eisner: 18 months. What was that time period?

Witness: It was during Grayson Law Center and GL CTR. It had to be probably beginning or middle-ish of 2011.

Helen Eisner: Beginning of ...

Witness: 2011 is when they started paying.

Helen Eisner: Okay.

Witness: I think that went through 2012 and they were done. There was another client that paid in 2011 and then there was bits and pieces of income coming in for billable clients that they were still working with.

Helen Eisner: What period of time was that?

Witness: During 2011 for Grayson Law Center

Helen Eisner: Just 2011, 2012, 2013?

Witness: 2011, 2012.

Helen Eisner: Okay. What about 2015?

Witness: I don't think anybody worked for except me in 2013, the beginning in 2013. I might have still worked for them and then switched over because when did Todd leave? I don't remember when Todd left.

Helen Eisner: You mean Former Grayson Fund Vice President of Investor Relations left the hedge fund . . .

Witness: Yes because that's when I stopped working ... That's when I stopped getting paid by Grayson Law Center.

Helen Eisner: Just going back to the collections again can you tell us the names of the clients that you were referring to when you were talking about that.

Witness: IDT is one of them.

Helen Eisner: IDT was that the first one the 18 months payment.

Witness: Yes.

Helen Eisner: Okay and you mentioned I think I think one in 2011 that was also somewhat significant.

Witness: It was some apparel place out of Alabama, American Apparel.

Helen Eisner: American Apparel. We talked earlier a little bit about some type of deal as far as the transition from Grayson to Kubli to Kubli and Associates. Were you familiar with any type of deal as far as the transition from Kubli and Associates to Grayson Law Center?

Witness: I wasn't.

Helen Eisner: Was it your understanding that some type of deal existed?

Witness: Well for Alan to take back the company I would think so I mean that's just ...

Paul Solis: All right so the names of these firms are changing and I understand you said to us that you don't have ... You weren't part of the negotiations or you didn't take part in that change. Did you ever ask any question? You know your paychecks are coming from different names Alan is in the office he's not now. Did you ever wonder why that was happening?

Witness: Well because he was ...

Paul Solis: Did you ever ask Mr. Grayson why these changes happened to the firms?

Witness: He was working for Congress.

Helen Eisner: You mentioned this change that I heard between Grayson Law Center and then at some point it became GL CTR PC?

Witness: Yes.

Helen Eisner: What was that name change? Why did that occur?

Witness: Alan said change the name. I didn't have anything I had no say so in name changes, he'd just say change the name and I'd fill out the paper work.

Paul Solis: You actually changed the name to the GLCTR?

Helen Eisner: Did he give you any type of explanation for why that new change occurred?

Witness: I didn't ask.

Helen Eisner: How was GL CTR PC different? Was it different than Grayson Law Center?

Witness: It wasn't different it's just a name.

Helen Eisner: Okay, just a name.

Witness: Just a name.

Helen Eisner: Did anything change in the same office?

Witness: Same office same everything.

Helen Eisner: And your position was the same?

Witness: Yeah, but I didn't have anybody to office manage, because there was no employees by the time.

Helen Eisner: I want to start just, quickly starting to go through some of these documents. Which I assure you some of them are quicker than others, but just want to make sure I understand fully, and we're going to just put this aside.

This is THAG 3820 you can read the numbers just so we can keep track of what we're showing you and I have copies for everyone today. This is from February 2015. You are listed as vice president.

Brett Kappel: 3818.

Helen Eisner: I think I ... 3818 did I give you 3820? There you go and this is also... I'm going to give this as well. 3820. I just want to note the position that you say that you're listed as: Vice President. I just want to make sure to clarify... throughout this process understanding what your role was. The reason I'm doing that partially is we received this letter from you, which I'm going to refer to as CC0057. It's the letter that you addressed to us that contained a list of positions.

Brett Kappel: Right.

Helen Eisner: I-

Paul Solis: Helen, you mean ... You're speaking to Mr. Kappel.

Helen Eisner: I am. Yes ... well I'm speaking to everyone, to the Witness as well. Just understanding that the letter that we received from the Witness regarding the production lists certain positions. I just want to make sure to line them up with some of the documents that we received and understand what your current position was at a given entity on a particular date. These documents seem to

indicate you had a role of Vice President for GL CTR PC in both 2015 and 2014. Is that correct?

Can you explain to us what your position was for the entity that period of time?

Witness: Yes. That is correct. Vice President ... When Alisa left in ... I still think she left in 2013. She was the registered agent ...

Helen Eisner: Mm-hmm (affirmative).

Witness: ... of GLCTR and to be a registered agent in Virginia, you have to be a lawyer or a director in the company or a ... Officer or director in the company.

Helen Eisner: Okay.

Witness: Alan asked me to become the registered agent. To do that, he gave me the title of Vice President.

Helen Eisner: Okay. What were your responsibilities as Vice President?

Witness: Being a registered agent.

Helen Eisner: Do you-

Witness: Honestly it's a title so I could be the registered agent.

Helen Eisner: Okay.

Witness: I have no say so in anything that the company does or anything about the company.

Helen Eisner: Do you receive any type of compensation for that position?

Witness: No.

Helen Eisner: Okay. You're doing it ... Why? Why are you performing this role as registered agent?

Witness: I know Alan and I've worked for him for 15 years.

Helen Eisner: Okay. GL CTR PC which is somewhat of a difficult ...

Witness: Maybe that's why he did it.

Helen Eisner: ... name to say. What type of work does that entity do?

Witness: Actually, it doesn't do anything. It's just ... If you look at the tax ID numbers, it's Grayson & Kubli. It's just a different name. Right now it's open because there are still ... There's still money that's out there that's due to Grayson & Kubli so as

Representative I guess wants to be a viable company. If that money comes in, it goes to the right place.

Helen Eisner: Do you know what the source of those obligations would be with anything outstanding?

Witness: There is stuff outstanding. It's been outstanding for quite a while. Unless I had something in front of me, I couldn't tell you who or what.

Helen Eisner: Okay. Is it multiple bills outstanding?

Witness: Oh yeah.

Helen Eisner: Do you know what type of cases it would be outstanding from?

Witness: I don't.

Helen Eisner: Any clients? Any names of individuals who would owe money?

Witness: Again I'd have to look at ... I'd have to look at the list.

Helen Eisner: Where is that list?

Witness: I don't ... I guess it would be on a company computer if there's any hard drives. I don't even know if there's a list anymore but if there's any hard drives left, it would have to be a time slips list.

Helen Eisner: Do you know where those company computers are currently maintained?

Witness: There's a storage unit in Tyson's Corner.

Helen Eisner: Who has access?

Witness: I don't know if ... I have keys to it.

Helen Eisner: Okay. Does anyone else have access?

Witness: I don't if there's even- I think all the hard drives were taken out. I don't know where the hard drives are.

Helen Eisner: Who took out the hard drives?

Witness: The IT guy that used to work for us ... That worked for us. I'm sure they're somewhere ... In storage in a box.

Helen Eisner: Storage in a box. Do you think that would have been in the same storage locker?

Witness: Mm-hmm (affirmative).

Helen Eisner: Okay.

Witness: There's two storage lockers.

Helen Eisner: Okay. One is in Tyson's Corner.

Witness: They're both in Tyson's-

Helen Eisner: They're both in Tyson's Corner. You have keys. Does anyone else have keys to the storage locker?

Witness: Mm-mm (negative).

Helen Eisner: Just you. Who pays for the storage locker?

Witness: Grayson Law Center.

Helen Eisner: Grayson Law Center. Another entity ... I think this, well, again connected to this network and I'm just trying to make sure I can understand the progression here. AMG TR PC. Do you know what that entity is?

Witness: You know what? Sorry.

Helen Eisner: Oh sure.

Witness: Grayson Law Center is not Grayson and Kubli. AMG TR is. Grayson Law Center was a new company that was set up in 2011. AMGTR is the Grayson, Kubli & Hoffman company.

Helen Eisner: What is your role with regards to AMG TR?

Witness: The same thing. Vice President ...

Helen Eisner: Vice President.

Witness: ... so I can be the registered agent ...

Helen Eisner: Okay.

Witness: ... of the Virginia Corporation.

Helen Eisner: Do you receive any type of compensation for that?

Witness: No.

Helen Eisner: Who's your supervisor in that capacity?

Witness: I guess ... I really don't have a supervisor because I'm not an employee.

Helen Eisner: When you sign these types of documents as a registered agent, who would tell you that the document needs to be signed? Is that something ... A decision you make on your own? Does anyone indicate to you ...

Witness: If it's something that I don't know that should be signed or not ...

Helen Eisner: Mm-hmm (affirmative).

Witness: ... then I would ask Alan ... At this point it's filings.

Helen Eisner: What is Representative Grayson's role in this particular entity, AMG TR?

Witness: He is the ... I guess the Owner/Director.

Helen Eisner: Does AMG TR have any clients?

Witness: No.

Helen Eisner: What type of work do they perform?

Witness: They don't perform any work ... That's another entity.

Helen Eisner: I think you were helping us understand that AMG TR is an entity that was originally Grayson & Kubli. There was a name change at some point in time but as far as legal status, it's your understanding that they're the same entity?

Witness: Yes.

Helen Eisner: Okay. We've been talking about these collections that resulted from case work, client work performed by Grayson & Kubli. Are collections owed to AMG TR?

Witness: I don't know how that works so I can't ... It's either going into ... It would either go into Grayson Law Center or GL CTR or go into AMG TR.

Helen Eisner: Yeah.

Witness: I don't have any clue.

Helen Eisner: Okay.

Witness: Any idea.

Helen Eisner: You have seen collections go to AMG TR ... You have not.

Brett Kappel: You have to answer Yes or No.

Witness: No. I'm sorry. No.

Helen Eisner: Are you familiar with any type of agreements ... Anything that ... Any document that would govern the payments from case work from Grayson & Kubli going to Grayson Law Center instead of AMG TR?

Witness: No.

Helen Eisner: Grayson Consulting in Florida. Do you know what that entity is?

Witness: Another entity that Alan has.

Helen Eisner: What does that entity do?

Witness: Consulting.

Helen Eisner: Okay.

Witness: I don't know anything about ... I don't know that company that well. I really don't have anything to do with it.

Helen Eisner: Okay. I see this. This is THAG-0639 ... I'll just give you a moment to look at this ... Basically what this is ... It's an email from 2014, Representative Grayson to you, the Witness, saying please take care of this. It's an annual report for 2014. What would your involvement be with Grayson Consulting in Florida?

Witness: To file the report.

Helen Eisner: Do you have any type of position for that entity?

Witness: No.

Helen Eisner: Okay. What would the reason be that Representative Grayson had sent you this annual report so that it could be taken care of?

Witness: He sends me stuff to take care of all the time.

Helen Eisner: Okay.

Witness: Grayson Consulting would be one of them.

Helen Eisner: What about the entity Grayson Consulting in Virginia?

Witness: That's not ... That's an entity that was set up but never used. It's not ... I'm trying to think why it was ... It was set up because I think Alisa was supposed to get paid out of Grayson Consulting.

Helen Eisner: The Virginia entity?

Witness: Right but that never happened. It was set up and never used.

Helen Eisner: What do you mean it never happened?

Witness: She got ... She didn't- Never got paid out of Grayson Consulting in Virginia.

Helen Eisner: Did she get paid from another entity?

Witness: I'd have to look but I think she got paid by Grayson Consulting in Florida ...

Helen Eisner: Okay.

Witness: ... for after she left GL CTR.

Helen Eisner: Okay. What was she being paid for?

Witness: She was being paid for legal work.

Helen Eisner: Do you remember the types of cases that she was working on that would've resulted in that payment?

Witness: They were cases for Alan so it was probably ... It had to be Derivium.

Helen Eisner: Were you involved in billing or processing her payments for Grayson Consulting in Florida?

Witness: No. I think-

Witness: No I think she had direct deposits set up with paychecks or what's the other payment? I didn't want their paychecks.

Helen Eisner: That is just so ...

Witness: Like a payroll company.

Helen Eisner: Payroll company okay. Where would they have gotten funds to pay paychecks like company paychecks?

Witness: I think . . . GLCTR funded it.

Paul Solis: Why do you think that?

Witness: I think money was transferred into there. I think money was transferred from GL CTR into Grayson Consulting.

Paul Solis: Did you assist with that?

Witness: That's why I'm trying to think. I don't know but just got done automatically. I have to look, I'd have to look I think that's how it happened.

Helen Eisner: Where would you look to determine that?

Witness: I'd have to look through bank statements.

Helen Eisner: Would those be bank statements for GL CTR? For Grayson Consulting?

Witness: Grayson Consulting.

Helen Eisner: You have access to the bank statements for Grayson Consulting Florida?

Witness: Yeah they're over in that storage building.

Helen Eisner: In the same storage locker?

Witness: Yes.

Helen Eisner: Okay. There is an entity . . . so we've been talking a little bit about these entities, we've talked about AMG TR PC and we talked about GL CTR PC. Are you familiar with AMG Trust?

Witness: I knew there was an AMG Trust but I had nothing, no knowledge I don't know anything about it.

Helen Eisner: How did you become familiar with the fact that it existed?

Witness: There was a . . . Many years ago there was a bank account for it. I remember seeing statements but I don't think it's around the bank account is around anymore.

Helen Eisner: Do you . . . Approximately how many years ago?

Witness: Oh man, 6 8.

Helen Eisner: 6, 8.

Witness: I don't, I really don't know.

Helen Eisner: Do you know whose name the bank statements would have been in, the bank account?

Witness: The foundation. What is it? Alan Grayson Foundation.

Helen Eisner: In the name of the Alan Grayson Foundation?

Witness: Yeah.

Helen Eisner: What is the Alan Grayson Foundation?

Witness: I don't know. I have no idea.

Helen Eisner: Okay . Have you had some ... Actually I think right here. I'll show you THAG 0643, I'm sorry.

Witness: That's okay.

Helen Eisner: Here you go. This as you can see directly relates to the Grayson Foundation filing that was made 2012 well actually I think 2011.

Did you have any role in the Foundation? It seems from this document that you were working on some of the tax documents related to the Foundation.

Witness: This is a filing just like the Grayson Consulting filing. Alan sent it to me and says make sure this is filed.

Helen Eisner: The Grayson Foundation, their name may have been associated with this bank account for AMG trust. Had you seen that name elsewhere Grayson Foundation connected to any other bank accounts?

Witness: What do you mean?

Helen Eisner: Well for this particular bank account that at some point in time you saw, it seemed that it was held in the name of the Foundation, the Alan Grayson Foundation.

Have you reviewed any other bank accounts where the Alan Grayson Foundation held the account?

Witness: Other than the one that I said?

Helen Eisner: Other than the one you mentioned, yes.

Witness: No.

Helen Eisner: Okay. Any other involvement by The Alan Grayson Foundation that you've seen in documents that you've filed or financial reports that you've reviewed?

Witness: I was never reading any financial reports.

Helen Eisner: Statements, prospectus ...

Witness: Nothing this is ... The only thing I did ever was if Alan sent me something like this I'd file.

Helen Eisner: Did you ever have a conversation with the Representative of Grayson . . . what is the Alan Grayson Foundation?

Witness: No.

Helen Eisner: What I'd like to do is ask you some questions about specific cases. Fairly general questions and just go through them and see what you know about these individual cases?

Brett Kappel: These are more cases involving clients?

Helen Eisner: These are legal cases of public record.

Brett Kappel: Okay.

Helen Eisner: Rycroft vs. Zeroline, do you know that case?

Witness: I know of it.

Helen Eisner: What was Representative Grayson's role in the case?

Witness: I don't know.

Helen Eisner: Okay, you knew of it from your work.

Witness: I know it's a whistle blower, case but don't know what it is.

Helen Eisner: Do you know if Representative Grayson had any type of financial interest in the case?

Witness: I don't know.

Helen Eisner: Did you have any conversations with Representative Grayson about this case Rycroft vs. Zeroline?

Witness: Not that I remember. I could have but I don't know.

Helen Eisner: Were any payments made to Representative Grayson based on this case any type of judgments or settlements from this case?

Witness: I don't know I'd have to look.

Helen Eisner: Okay and where would you look?

Witness: Bank statements, taxes.

Helen Eisner: Again where are those located?

Witness: Storage.

Helen Eisner: Storage. I'm sorry this is going to be repetitive but we're going to go through a couple of cases here.

Witness: That's fine.

Helen Eisner: United Mobile Technologies, Kargo Inc., ACK Ventures Holdings, are you familiar with that case?

Witness: It is a company one of Alan's Companies UMTI.

Helen Eisner: UMTI is one of Alan's companies. Okay and ACK Venture holdings is that also one of Representative Grayson's companies?

Witness: No I think that's ... I don't remember his name. I think that's the other guy in the case's company.

Helen Eisner: Okay and the other guy is he ... Do you remember anything about him?

Witness: He's in New York.

Helen Eisner: Okay. I know you're familiar with the company the case itself.

Witness: I'm not familiar with the case. I know its Kargo but I don't know anything about it.

Helen Eisner: Okay would have it been referred to as Kargo as a case? Do you know what Representative Grayson's role would have been in Kargo?

Witness: I don't.

Helen Eisner: Did he have any type of financial interest in Kargo as a case?

Witness: I don't know I'm ... Yeah I don't know.

Helen Eisner: Was this a case that would have been discussed at Kubli and Associates, Grayson Law Center, as a case where there might have been an ongoing financial interest?

Witness: There could have been, but then again I really didn't have anything to do with cases.

Helen Eisner: What about payments? Were any payments made to any of the legal entities from this case, Kargo?

Witness: Not that I know of.

Helen Eisner: Okay.

Witness: Not that you know, sticks out.

Helen Eisner: Is it not that you know of or you're not sure?

Witness: You know thinking back to what monies came in that one doesn't ring a bell at all that anything ever came in for that.

Helen Eisner: All right.

Witness: Rycroft is iffy.

Helen Eisner: Rycroft ...

Witness: I'd have to look as I said at the statements to see if any payments were made.

Helen Eisner: You think it's possible but you're just not sure of Rycroft.

Witness: I'm not sure.

Helen Eisner: Okay another case DRC vs. Custer Battles. I see your reactions, seems like it's a familiar one?

Witness: That was a big whistle blower case. I don't think any money came in although you know they won, but I don't think anything ever came in.

Helen Eisner: Who won?

Witness: I don't remember his name.

Helen Eisner: The client.

Witness: The client. I don't remember his name.

Helen Eisner: What was Representative Grayson's role in that case, in Custer Battles?

Witness: I don't know what the company, his company had the case... Grayson ...that was probably Grayson and Kubli.

Helen Eisner: You said that they won. Do you know approximately when they won?

Witness: I don't, it was, I don't know maybe 2007. I don't ...

Helen Eisner: We've seen ... that case I think did continue on ...

Witness: There was appeals going on.

Helen Eisner: Appeals okay. Do you know if Representative Grayson maintained any type of ongoing interest in that case when he entered Congress?

Brett Kappel: I think you have to define ongoing financial interest.

Helen Eisner: Financial interest.

Witness: I can't tell I don't know

Helen Eisner: Were any payments made to Representative Grayson from that case that? And why not, they won?

Witness: I can't remember exactly. I don't remember. They might have lost on appeal.

Helen Eisner: Okay. Another case IDT Corporation I think we mentioned IDT earlier versus Morgan Stanley what was that case?

Witness: I don't know.

Helen Eisner: Did Representative Grayson play a role in that case?

Witness: Yes. He billed for that case.

Helen Eisner: What law firm was he working for when he billed for that case?

Witness: That was Grayson and Kubli because that was part of the money that IDT owed him.

Helen Eisner: The collection.

Witness: Yeah.

Helen Eisner: Did Representative Grayson maintain a financial interest in that case when he entered Congress?

Brett Kappel: Again I think you have to define what you mean by financial interest. In the case ... did he expect to get paid financially.

Helen Eisner: Was there any type of financial stake in the outcome generally.

Paul Solis: She can answer Helen's question.

Witness: He was owed the money from work that he did prior to Congress.

Helen Eisner: Okay.

Paul Solis: Why do you say that?

Witness: Because that's when the work was done.

Paul Solis: You said he was owed the money for the work he had done prior to Congress. Why do you make that statement that he was owed the money?

Witness: Because he did the billable work and they didn't pay him, so it went into collections. They paid him in 2011 as part of the collections.

Paul Solis: And who paid him?

Witness: IDT.

Helen Eisner: Did anyone else besides Representative Grayson perform work on that case?

Witness: Probably.

Helen Eisner: It was a big case?

Witness: I don't think it was a huge case, but it was a good case.

Helen Eisner: Was it typical for other associates, attorneys to work with Representative Grayson on those types of cases and to bill hours?

Witness: Mm-hmm (affirmative). Yes.

Helen Eisner: Keep going through this list here. I apologize for rapid fire here.

Witness: That's fine.

Helen Eisner: Godfrey vs. KBR?

Witness: I don't know anything about that case. The only thing I know ... KBR? Godfrey was a little crazy. I don't really know anything about that case.

Helen Eisner: You remember the individuals?

Witness: I remember individuals.

Helen Eisner: Do you know what role Representative Grayson played in that case?

Witness: I don't know if he did or not. I don't remember when that case was.

Helen Eisner: Were any payments, collections made from that case?

Witness: Not that I remember.

Helen Eisner: Not that you remember, or you don't know?

Witness: I don't know.

Helen Eisner: You'd have to-

Witness: I'd have to look.

Helen Eisner: Okay. We talked about this one as well, the American Apparel cases. We talked about this in relation to the collections. What role did Representative Grayson play in that case, American Apparel?

Witness: I don't think he worked on their cases. I think his lawyers did, his employees.

Helen Eisner: His employees. When you say his employees worked on the cases, he was involved in these law firms. When we were talking about Grayson and Kubli, I think you said that he was acting as sole manager at that point. Did he generate profit from the work of the associates, the other attorneys who were working on cases based on the hours that they billed and the time that they spent working on cases?

Witness: I'd have to say yes. Why would you be in business if you didn't generate profit?

Helen Eisner: You were involved in billing, do you have a sense of any type of agreements or percentages that he would have gleaned from those cases?

Witness: No. You can look at the tax records what money came in and what money went out.

Helen Eisner: For the American Apparel case, were any payments made to Representative Grayson from that case?

Witness: Directly to him? No.

Helen Eisner: Directly to him, no, but the collections, is that what you're referring to as a separate?

Witness: You said, "To." The payments went to the company.

Helen Eisner: They went to the company, and they went to, we talked about this earlier, to Grayson Law Center, is that your understanding?

Witness: Yes.

Helen Eisner: Okay. Any other companies, any other individuals where the payments from that case would have gone?

Witness: No.

Helen Eisner: Ritchie vs. Lockheed Martin, is that a case that you're familiar with?

Witness: I know the name, but I don't know what the case was.

Helen Eisner: From what period of time, do you know approximately?

Witness: I couldn't tell you.

Helen Eisner: I realize it's difficult to go back many years.

Witness: I could not . . . It was probably six, eight years ago.

Helen Eisner: What role did Representative Grayson play in that case?

Witness: I don't know if he did or not, or if his employees did.

Helen Eisner: Did he have any type of financial interest in the case when he entered Congress? When I say "he" I mean Representative Grayson.

Witness: I don't know the case was going on when he entered Congress. I think it was an older case, but, there again, I could be wrong. I'd have to look somewhere and find something.

Helen Eisner: Again, same question, were any payments made to Representative Grayson from this particular case, from Ritchie vs. Lockheed Martin?

Witness: No.

Helen Eisner: No?

Witness: No payments.

Helen Eisner: No payments. Sheila El-Amin vs. George Washington University?

Witness: Yeah, no payments. That was something to have to do with Medicare.

Helen Eisner: When you say, "No payments ..."

Witness: That case went through three judges who died. It was a long, long case. I think finally they just dropped it.

Helen Eisner: When did they drop it?

Witness: Maybe somewhere around 2009-ish, 10-ish.

Helen Eisner: When you say, "They," who's they? Who would have made that decision to drop the case?

Witness: I think the judge dropped it.

Helen Eisner: Oh, the judge dropped the case?

Witness: Yes. The judge dropped it.

Helen Eisner: What was Representative Grayson's role in that case?

Witness: I don't know.

Helen Eisner: Did he act as attorney in that case? Was he involved in any of the litigation?

Witness: I think that Victor Kubli mostly handled that case. I don't know if Alan was working on it or not.

Helen Eisner: Okay. Did Representative Grayson maintain any type of financial interest in the case when he entered Congress either for his first term or his second term?

Witness: I don't think so. I don't think the case was going on.

Helen Eisner: When you say you don't think so, that's just based on you hadn't seen anything, or is it you don't know?

Witness: I didn't see anything. I know the judge dropped it, so I don't think there was any money that was even ever going to come in since the judge dropped it because it went appeal after appeal after appeal after appeal.

Helen Eisner: Okay. Command Management, is that a case that you're familiar with?

Witness: We did a lot of work for Command Management through the years. They were a client when I first started.

Helen Eisner: Okay. Are you familiar with any particular bid protest that they were involved in?

Witness: Nope, they named them something different every time.

Helen Eisner: Were there any-

Witness: I think it had to do mostly with food and hotel management. It was different hotels from around different areas of the United States.

Helen Eisner: Were there any proceedings involving Command Management that Representative Grayson maintained an interest in, a financial interest when he entered Congress?

Witness: I'm not sure. I don't think we were doing work for them past 2008. I think they just went away.

Helen Eisner: Just a few more, I promise. We'll continue to move through. Julie McBride vs. Halliburton?

Witness: I know of that case, just the name, but I don't know anything about it.

Helen Eisner: Okay. Do you not know what role Representative Grayson played in that case?

Witness: I don't.

Helen Eisner: Would he have acted as attorney in that case?

Witness: I don't know.

Helen Eisner: Do you know if he maintained any type of financial interest in the case when he entered Congress?

Witness: I don't know.

Helen Eisner: Any payments, collections that you would be familiar with related to McBride vs. Halliburton?

Witness: Not that I'm familiar with.

Helen Eisner: Thomas M. Ubl vs. IIF Data Solutions, what can you tell us about that case?

Witness: That's an old case that I know Grayson and Kubli had and then won. Then it was appealed, and then I think Kubli and Associates took the appeal and lost the appeal.

Helen Eisner: I guess for the first part that you described, what was Representative Grayson's role in the case?

Witness: I think in the beginning of the case he was working on it, but then Victor Kubli worked on it mostly.

Helen Eisner: This was while at which law firm?

Witness: Both.

Helen Eisner: Both.

Witness: I know there were other lawyers that worked on it, but I couldn't tell you which ones.

Helen Eisner: By both you mean Grayson and Kubli, and then Kubli and Associates?

Witness: Yes.

Helen Eisner: Were any payments made related to this case?

Witness: No.

Helen Eisner: Did Representative Grayson maintain any type of financial interests in the case when he entered Congress?

Witness: I don't know.

Helen Eisner: You don't know. There's a term that I just want to see if you're familiar with or if it means anything to you. The escheat cases, is that a term that would have been used around the office?

Witness: Never heard of that.

Helen Eisner: Okay. It's E-S-C-H-E-A-T, escheat cases.

Witness: Oh, escheat.

Helen Eisner: Escheat, yes. That's my pronunciation.

Witness: I'm sorry. Escheat. That has something to do with monies left on Visa debit cards, but not Visa. Just five cents here, ten cents there.

Helen Eisner: Okay. How did that relate to the law firms?

Witness: Alan had escheat cases, I don't know if that's the right word even, all over the country trying to get whoever to take on cases to go after these people for the money that was left on little cards that you buy and nobody ever used. It's companies making free money.

Helen Eisner: When did he become involved in these cases?

Witness: A long time ago. I don't know the dates.

Helen Eisner: Would it go back as far as 2000 when you first started working for the law firms?

Witness: I don't remember.

Helen Eisner: Okay. Who were the clients? What type of clients was he working with on these cases?

Witness: It wasn't clients. It was Alan going to the, I guess, attorney generals to see if they would take on this type of case.

Helen Eisner: Did they?

Witness: No, I don't think anybody did.

Helen Eisner: You don't think anybody did?

Witness: No.

Helen Eisner: What was the financial benefit for Representative Grayson for going to these attorney generals?

Witness: I'm not sure. I really didn't understand it at all. I just knew it was about money left on gift cards, I guess, that type of thing.

Helen Eisner: Was there ever any type of financial payment related to these cases?

Witness: I don't think anyone, none of the Attorney Generals ever took them.

Helen Eisner: I'm going to ask you about a few other entities as we continue to move through. Florida Save Our Shores. What is that?

Witness: It's a non-profit that was set up. That Alan set up. He asked me to set up for him.

Helen Eisner: Okay and why was it set up?

Witness: I guess he was trying to save the shores of Florida; the beaches. . .

Helen Eisner: What type of activities did the non-profit engage in?

Witness: I don't...to my knowledge...I don't think it ever, he ever got to the point where he started anything with it.

Helen Eisner: Why?

Witness: Because he's busy. [laughter]

Helen Eisner: Okay. Did it have any fundraisers?

Witness: I don't...nothing ever...I set it up and I don't... I never heard anything about it until Todd left and I heard I was secretary or I don't know.

Helen Eisner: Okay and you learned... Were you asked to be secretary?

Witness: I probably was.

Helen Eisner: Okay.

Witness: I probably said sure.

Helen Eisner: Were you paid any type of salary for that role?

Witness: No.

Helen Eisner: What did it entail; your work as secretary?

Witness: I don't think that I did anything with that company except dissolve it and last year...it could've been this year...it could've been the beginning of this year...I think it might've been the end of last year.

Helen Eisner: Why was it dissolved?

Witness: I don't know.

Helen Eisner: Did it have a bank account?

Witness: No.

Helen Eisner: Did it have any type of assets?

Witness: None.

Helen Eisner: Small Friends?

Witness: Same thing.

Helen Eisner: What was it? What was the purpose of Small Friends?

Witness: That one, I have no idea.

Helen Eisner: Did it have type of events?

Witness: Nothing.

Helen Eisner: Did it fundraise?

Witness: Nothing.

Helen Eisner: What was your position?

Witness: Same as the other. As soon as Todd left, I became Secretary and then it got dissolved.

Helen Eisner: Did it have a board of directors?

Witness: No.

Helen Eisner: What role did Representative Grayson play in Small Friends?

Witness: I don't know because he never did anything. I mean I don't know how I said it. I would have to look. I have no idea how it was even set up. I just know that Todd was the registered agent . . . secretary.

Helen Eisner: Did you have a conversation ever with Former Grayson Fund Vice President of Investor Relations about what his entity was?

Witness: No.

Helen Eisner: Do you know why it was dissolved?

Witness: I don't know why it was dissolved.

Helen Eisner: Did it have a bank account or any type of assets?

Witness: No.

Helen Eisner: You would, as secretary, you would, be in a position to know that?

Witness: Yes.

Helen Eisner: I'm going to move on, to sort of, another topic here. Let's see how we are doing on time.

Paul Solis: Why don't we take a five minute break.

Helen Eisner: Sure. We can stop the recording.

[BREAK]

We are back on the record with the Witness. This is Helen Eisner.

Okay. We are going to shift gears a little bit and start talking about the hedge funds and generally your involvement there. What is the Grayson Fund?

Witness: An entity that Alan owns. I don't know exactly what the Grayson Fund does.

Helen Eisner: Generally, I mean, do you have any awareness of the type of work that the Grayson Fund does?

Witness: It, it's, I think it's part of his hedge fund.

Helen Eisner: What is that hedge fund?

Witness: What do you mean?

Helen Eisner: What is the Hedge Fund? What is the purpose of the Hedge Fund?

Witness: I don't know. I don't have it; any knowledge of what the Grayson Fund does besides brokerage houses stuff.

Helen Eisner: Brokerage houses stuff.

Witness: Stocks.

Helen Eisner: Can you explain? Stocks. How does that relate to the Hedge Funds?

Witness: I don't know.

Helen Eisner: Have you seen stocks or brokerage house funds connected in any way to the Grayson Fund?

Witness: What do you mean?

Helen Eisner: Well,...I think you said that what you know is these brokerage accounts, stocks, you're associating it all with the fund.

Witness: I think this all has to do with the same thing. That's the Grayson Fund is part of his Hedge Fund.

Helen Eisner: Okay and why does that fund exist?

Witness: I don't...what do you mean? Why does that fund exist?

Helen Eisner: Well there's an entity, there's the Grayson Fund, you know, what, have you had conversations about, why the fund was established, and what it's purpose is?

Witness: No. I don't understand any of it.

Helen Eisner: Okay. Did you ask...have you asked questions? Have you been involved in conversations about the fund?

Witness: I've been involved in conversations. Not that I'm doing any of the talking.

Helen Eisner: Okay.

Witness: Just listening, because I don't understand it.

Helen Eisner: Okay, well, let's go into your role then a little bit. What position do you have? Let's start with the Grayson Fund LP.

Witness: I don't have any position with them.

Helen Eisner: Okay. I believe that in this letter that we received which is CC_0057, I'll just show you a copy of it because it's right here in front of me, you do list a position with the Grayson Fund LP for 2014.

Witness: Oh.

Helen Eisner: It's listed as Administrator.

Witness: I'm sorry. It's sort of administrator. It's more to the fact that I pay the bills. I'm the go between of anything that the brokerage house or the fund administrator services or the lawyers. If they need anything from Alan, they run it through me and then I get him and give it back to them.

Helen Eisner: Okay, so you're sort of administrator or sort of...do you have an official title?

Witness: No.

Helen Eisner: Okay and how long have you been involved in that role with the Grayson Fund LP?

Witness: When Todd left.

Helen Eisner: Former Grayson Fund Vice President of Investor Relations. Approximately when did that occur?

Witness: 2013.

Helen Eisner: Were you involved in the Fund prior to 2013?

Witness: No.

Helen Eisner: You know, you're talking about acting as a go-between, sort of, lawyers, the brokerage, there are emails that are being exchanged. This is what you're describing to us. Based on that information and those interactions...I guess I'm having trouble understanding how you didn't get a sense of the business, of the Fund and what it's purpose is.

Witness: It has to do with brokerage and stocks.

Helen Eisner: Mmm hmmm (affirmative).

Witness: And, money invested and that's what I know.

Helen Eisner: Okay. When you're...when somebody asks you a question or you're discussing issues with the brokerage or the lawyers who directs that? Who makes decisions as far as communications with the lawyers or any decisions related to the work that you are performing?

Witness: Alan.

Helen Eisner: Okay, so Representative Grayson. Does anyone else make those decisions?

Witness: No.

Helen Eisner: In this role that you play, are you compensated?

Witness: Yes, I get paid part time by...

Helen Eisner: Okay, and when, I'm sorry go ahead.

Witness: By the Grayson Fund Management Company.

Helen Eisner: I see and you had mentioned that earlier.

Witness: Which is all wrapped up somehow.

Helen Eisner: When did that start? When did you begin to receive compensation?

Witness: When Todd left.

Helen Eisner: How are you paid? Is it salary? Is it hourly?

Witness: Hourly.

Helen Eisner: Do you keep track of your hours?

Witness: I did in the beginning and, I don't.

Helen Eisner: How does it work now?

Witness: I get paid for eight hours a week.

Helen Eisner: Where do those payments come from? From the Grayson Fund Management?

Witness: Yes.

Helen Eisner: Are they direct deposit?

Witness: Yes.

Helen Eisner: Through...is there a company? Is it paychecks?

Witness: It's paychecks and I think the company that the other company was Custom Payroll.

Helen Eisner: Okay. Custom Payroll?

Witness: Yeah. That was the other bank. I know we've used both of them and I don't remember which one we were using at that time.

Paul Solis: You said in the beginning you used to keep track of hours but now you don't. Then you said you work eight hours a week.

Witness: I get paid for eight hours.

Paul Solis: You get paid for eight hours a week. Has that been consistent throughout the time you've been with the fund?

Witness: Yes.

Paul Solis: Eight hours?

Helen Eisner: You get paid for eight hours. How many hours do you work a week?

Witness: Sometimes more. Sometimes less.

Helen Eisner: Okay.

Witness: I try to keep track in my mind so I can kind of, you know, if I work four hours one week then next week I might work ten and then the week after that I might work ten.

Helen Eisner: Sure. Do you have any type of employment contract or agreement?

Witness: No.

Helen Eisner: How...eight hours a week of payment...is there any type of arrangement to make sure that that happens?

Witness: No.

Helen Eisner: Okay. Who did you discuss, this eight hours a week payment plan with?

Witness: Congressman Grayson.

Helen Eisner: Alright. I have this... so I'm going to show you some more documents, THAG3649, this is a letter from February 3, 2012. What I really want to focus on is towards the end. You sign this letter, it appears to be towards a potential investor, and you sign it [the Witness], Investor Relations. This is the beginning of 2012, so I'm just trying to understand, I think . . .

Witness: Did Todd leave in 2012?

Helen Eisner: I think we have a general sense that it was not 2012. I think it was later than that. It probably would have been early 2014.

Witness: I could've dated the letter wrong because I know I didn't do anything with the fund until after he left.

Helen Eisner: Do you think you dated the letter wrong?

Witness: I called him. He gave me everything.

Helen Eisner: Uh huh (affirmative).

Witness: I even called him and talked to him about this because I didn't know. Alan said "Send out a package to this guy." I said, "Okay." Then I called Todd and he said, "Look in this, look in this, and you'll find this letter. This is what you need to send him."

Helen Eisner: Okay. Was Former Grayson Fund Vice President of Investor Relations working at the fund at that time?

Witness: Uh-uh (affirmative).

Helen Eisner: You remember that that ...

Witness: I know particularly because I've only sent out one of these.

Helen Eisner: As far as you remember, you sent it out, it was not February 3rd, 2012?

Witness: Not if Todd was still working because I did not have anything to do with the Fund until ... When Todd left, Alan asked me to take over his stuff. I did.

Helen Eisner: Here's a ... Let's move ahead. This is TJ_0056. I'll give you one second to familiarize yourself.

Ildefonso Mas: These are the original bates numbers?

Helen Eisner: That is our bates number. This is actually 56 through 57.

Really focus on the first page there too. This is an e-mail, May 20th, 2011 through May 23rd, 2011; back and forth between you from your ... I believe that would be your Kubli and Associates e-mail address, is that correct there?

Witness: Yes.

Helen Eisner: Former Grayson Fund Vice President of Investor Relations, what role did Former Grayson Fund Vice President of Investor Relations play for the Fund?

Witness: I don't know.

Helen Eisner: Okay. Do you know what type of responsibilities he had?

Witness: No I don't.

Helen Eisner: Okay. Here, you're talking about the transfer of money. You say this isn't the second response down from the page 56 "I'll fedex a transfer check to the bank today and I am here by myself so I can't run to the bank. There will be money in there tomorrow to cover checks. Do you know if Grayson Consulting will be paying your salary at the end of month? Just trying to plan."

This is a discussion further up in response to writing checks for Grayson Fund General Partner and the Grayson Fund Management Company. This is 2011. It seems like you're participating in payments related to Grayson Fund entities.

Witness: All I was doing was transferring money into Grayson Consulting. I didn't have anything to do with the Congressman writing checks.

Helen Eisner: Were you familiar with the hedge fund structure at that point? Were you familiar with entities involved?

Witness: No.

Helen Eisner: Okay. This ...

Witness: Todd got paid by Grayson Consulting also.

Helen Eisner: Why would Former Grayson Fund Vice President of Investor Relations have been paid by Grayson Consulting?

Witness: It was before these companies were set up. Then once the Grayson Fund was set up, which must have been in 20 ... The bank accounts were opened in 2011. Then Todd got paid by Grayson Fund Management.

Helen Eisner: Okay. You're transferring money to ensure payment for these entities, who would have directed you to do that?

Witness: This e-mail.

Helen Eisner: From Former Grayson Fund Vice President of Investor Relations?

Witness: Yes.

Helen Eisner: It was Former Grayson Fund Vice President of Investor Relations acting as a supervisor or did he have authority to ...?

Witness: Well, it would had come from Alan. Todd wouldn't have done it unless Alan told him to.

Helen Eisner: At this point in time in 2011, you were doing work on behalf of Grayson Consulting, were you getting any payments from Grayson Fund Management? I understand what you're saying that the transition would have happened a little bit later in time, but shortly thereafter, when they started talking about salaries changing and no longer being provided by Grayson Consulting, are you receiving a salary from Grayson Management in 2011?

Witness: Grayson Fund Management?

Helen Eisner: Mm-hmm (affirmative).

Witness: No.

Helen Eisner: From Grayson Fund Management, no?

Witness: No.

Helen Eisner: Okay. Can you describe to us ... you're connected to Grayson Consulting, you're making payments related to these other entities. Later on, you take on this position as you described to us, as Fund Administrator. What was your relationship with the fund and all of these entities?

Brett Kappel: At that time.

Witness: At this time?

Helen Eisner: In 2011, 2012.

Witness: I didn't have any relationship. I started having a relationship with the Fund when Todd left.

Helen Eisner: Okay. This is THAG0191 through 193. The only thing I want to direct you towards ... I included a cover page so you can see what the document was, this is a New York filing, but really page 193, THAG193. This is a form dated July 9th, 2015. Listing you as a principal ...

I guess I'm just trying to understand, we got this list, we have this list of positions and I'm just looking at the documents and piecing together the documents compared to this list, and just trying to understand what your role was throughout this whole process. I know it's complicated. I know there are a lot of entities, but comparing what we're seeing in the documents to this, it seems like there's some mismatch. If you could just help explain that to us.

What your role was? The 2015 role compared to this list, it's administrator currently, would that be correct or principal?

Witness: This, I think, has to do with the Caymans being a principal.

Brett Kappel: This is a filing with the New York Attorney General's office.

Helen Eisner: This is the Grayson Fund LP, the filing that was just listed on 0191.

Witness: I don't know what this is. I have no ...

Helen Eisner: You wouldn't have seen this form before?

Witness: I think the attorney e-mailed or faxed it to me and I probably handed it to Alan because I'm sure it was something that I probably had to do.

No, I do remember seeing this form, and seeing this, but I thought this was the Caymans. Unless, the Cayman is part of this. I don't know. I am a director of the Grayson Master Fund Cayman.

Helen Eisner: And currently?

Witness: And currently.

Helen Eisner: Okay. I understand what you're saying as the Master Fund itself has been dissolved as of recently. But in 2015, you did serve in that role as director of the Master Fund Cayman?

Witness: Yes.

Helen Eisner: Do you have position for the Grayson Fund LP, which has now changed its name, but do you currently have a position for that entity?

Witness: No.

Helen Eisner: Okay.

Witness: Unless when the Cayman dissolved, he needed a director for ... I don't know.

Helen Eisner: Okay.

Witness: I don't know.

Helen Eisner: This letter, the CC0057, should I disregard this list as being complete ... and you can look at it, I'm just trying to line everything up with ...

Brett Kappel: I understand. This is a list that we created in response to your request for information, based on publicly available documents.

Helen Eisner: Based on publicly available documents ...

Brett Kappel: Those you have in front of you.

Helen Eisner: I don't believe that in our request we qualified it based on publicly available documents. I think we asked for a list of positions that the Witness had held.

Brett Kappel: The publicly available documents were the source for our producing that list of positions.

Helen Eisner: What you're telling me is this is an incomplete list?

Brett Kappel: No, I'm telling you that's what we knew to be the position she held at these entities at those times.

Helen Eisner: Did the Witness participate in the preparation of this document?

Brett Kappel: Yes.

Paul Solis: Are there any positions you hold that aren't represented on that list?

Witness: During what time frame

Helen Eisner: I believe we asked from the beginning of 2008.

Paul Solis: 2008 through the present. Remember when we exchanged copies of this document or the chart for this document?

Witness: Right. The director on the Cayman Islands, which isn't even around anymore should be on this list.

Helen Eisner: Okay.

Witness: I think that should be Kubli and Associates.

Brett Kappel: In 2009?

Witness: Yeah, because I worked for a bit but two years. I'll have to check. I have to check my payroll.

Helen Eisner: Okay, thanks for the clarification.

Let's go into something, continue to go into some of the specific entities. You said that you received your paychecks from the Grayson Management Fund?

Witness: Yes.

Helen Eisner: I realize that some of these funds have changed their names, so excuse me if we go back and forth between different names. Generally, I think we'll be referring to this entity as the Grayson Management Fund.

Witness: Okay.

Helen Eisner: What is that entity?

Witness: The Grayson Management Fund ...

Brett Kappel: Management Company.

Helen Eisner: Sorry, yes, the Management Company.

Witness: The Grayson Management Company is the entity that I guess pays all the bills and for all the other Grayson Funds.

Helen Eisner: Does it do anything else besides paying the bills?

Witness: It's administration, office expenses.

Helen Eisner: Who are its employees?

Witness: Me, David Keith.

Helen Eisner: Who is David Keith?

Witness: He works for Alan, I don't know what his specific role is. He helps me out because I think he lives in Florida so the office is down there. He's part-time, one day a week.

Helen Eisner: Does he work exclusively for the management company or does he work for any other, you said he works for Alan?

Witness: I don't know if he's paid by anyone else.

Helen Eisner: Does he do work for anyone else? Even if he doesn't get paid by them?

Witness: He does work with Alan, I don't ... I think he gets paid by the committee.

Paul Solis: His campaign committee?

Witness: Yes, I think the campaign pays him. But I don't have anything to do with that payroll so I don't ...

Helen Eisner: With the committee's payroll?

Witness: Yes.

Helen Eisner: Does he receive paychecks from the management fund?

Witness: Yes, for eight hours a week.

Helen Eisner: You talked a little bit about your responsibilities, what are his responsibilities for the fund? Sorry, for the management company and the fund in general?

Witness: I don't know, you'd have to ask Alan. I'm not really sure what he does.

Helen Eisner: Okay. Did you play ... I know you talked about emails with lawyers, emails with brokerage, what responsibilities do you have for assets, holdings, stocks, as you said earlier, related to the fund?

Witness: What do you mean? I'm sorry.

Helen Eisner: Did you play any role in investment decisions, holdings.

Witness: No.

Helen Eisner: Did you have access to those documents?

Witness: To the investment documents?

Helen Eisner: Investment documents, financial statements ...

Witness: His tax stuff, yes.

Helen Eisner: Tax stuff. Who did play a role in the assets, holdings ... ?

Witness: Probably just Alan and whoever, the kids. But I doubt the kids did.

Helen Eisner: Why do you say the kids?

Witness: I think they own percentages of it because they get K-1s.

Helen Eisner: Did you ever see the kids, any communications or witness any involvement by the kids in management decisions?

Witness: No.

Helen Eisner: Investment decisions?

Witness: No.

Helen Eisner: Besides K-1s do they have access to the accounts? To statements?

Witness: I don't know, I doubt it.

Helen Eisner: Do you have ... Does Representative Grayson have access to the accounts, to statement related to the fund, the holdings of the fund?

Witness: I'm sure he does.

Helen Eisner: I think you said you devoted about eight hours a week, give or take a little bit, and what I want to show you is THAG-3987 -3988.

Really, at the top there's an email, this is the top of 3987, it says "[The Witness], AMG asked me to type up a document explaining what I do and who will take over. Pasted below is the hedge fund element of the document, which impacts you" Is it fair to say "AMG" is Representative Grayson?

Witness: Yes.

Helen Eisner: "T" is Former Grayson Fund Vice President of Investor Relations?

Witness: Yes.

Helen Eisner: One of the things that it says is, the bullet point two down, daily research, it says, "I have trained [the Witness] on the daily VXX/VIX research. She will provide updates twice daily until instructed otherwise by you." What is that?

Witness: It's numbers research that he asked me to do. It literally takes 45 seconds of my time, twice a day, because it's just pulling a number.

Helen Eisner: Pulling what numbers?

Witness: The VXX numbers.

Helen Eisner: What is VXX?

Witness: Something to do with stocks.

Helen Eisner: Explain to us, how do you do this? What's the process for pulling the numbers? Is VXX a stock? Does it correspond to something?

Witness: You go on Yahoo Finance and you type in VXX and there is a daily number that I get.

Helen Eisner: Then what do you do with that number?

Witness: Put it in an email and send it to Alan.

Helen Eisner: This is something you've been doing since this transition?

I want to ask you some questions about ... Well, we saw in this particular letter earlier on where it mentioned you as investment manager, I know we talked about that a little bit and, sorry, investor relations I think you said. How did or does the fund market itself to investors?

Witness: I don't have any idea. I know there was some website that you could go on and it has different investment places and one of them that you could pull up was, I don't know if it was called "The Grayson Fund" but I don't think that was, that that's in use anymore since Todd used to do it. I've never done it.

Helen Eisner: When do you remember seeing that particular source?

Witness: Todd told me about it and he said, "You should probably go on it and look at it." and I said, "Okay."

Helen Eisner: In your role, did you have any responsibility for managing relationships with investors?

Witness: No.

Helen Eisner: For communicating with investors?

Witness: I never communicated with the first investor.

Brett Kappel: [The Witness], you can't name anyone, any outside investor.

Witness: That's why I said the first investor.

Paul Solis: She can name somebody if she'd like to. If she wants to rely the advice of counsel she can, the Board will take that into consideration.

Brett Kappel: There's a confidentiality agreement that applies to the identities of the outside investors.

Helen Eisner: I think what we want you to understand is we realize that this business has a confidentiality agreement. This is a congressional investigation, as part of a congressional investigation our Board has asked us to look at confidential business information that is directly relevant to this review. We are asking you for that information, for the identity of these individuals.

Witness: Ask Alan. I'm not going to give up their identity.

Helen Eisner: Why not?

Witness: That's not my job to do. I'm ... He has a confidentiality agreement not to do it and I'm not going to do it for him.

Helen Eisner: Do you have that confidentiality agreement?

Witness: I don't know.

Helen Eisner: You recognize that our Board is asking you for this information and that this is directly relevant to what we're looking into as a part of this investigation, and this recording could potentially be matter of public record.

Witness: That's fine.

Helen Eisner: Okay. You were talking about the first investor, about ...

Witness: I never talked to him.

Helen Eisner: Was there a second investor?

Witness: Yes.

Helen Eisner: Did you talk to the second investor?

Witness: He's the one I sent the letter to.

Helen Eisner: I'm going to show you this document, which is THAG 3465. 64, I apologize. The two investors that are redacted here, that have been redacted on this document? Are those the two investors that you just referred to? The first investor and the second investor?

Witness: Without seeing the non-redacted version I couldn't tell you.

Helen Eisner: Were you familiar with ... One of them appears to have invested an initial investment of approximately \$250,000. The other one it appears about \$100,000 investment. Does that refresh your memory as far as these two individuals that you referred to?

Witness: The \$250,000 one, yes. I don't know what the other investor invested to begin with, but since there were two investors I have to say probably yes.

Helen Eisner: These two investors, we realize you're not revealing their identity, are they private individuals, are they businesses?

Brett Kappel: [The Witness], again, you don't have to answer that.

Helen Eisner: If you're willing to answer that.

Witness: I think you should probably ask Alan any questions about investors.

Helen Eisner: Okay. Who is [REDACTED]?

Witness: I don't know.

Paul Solis: You ever heard the name before?

Witness: Mm hmm (affirmative).

Paul Solis: So when you say you don't know.

Witness: I know Alan knows him.

Helen Eisner: What is his relationship with Representative Grayson?

Witness: I don't know so I can't tell you. I don't know what the relationship is.

Helen Eisner: Have you ever had any communications with him? Are you familiar with the [REDACTED] Irrevocable Trust?

Witness: Yes.

Helen Eisner: What can you tell us about that trust?

Witness: I mailed them a K-1.

Paul Solis: You mailed the Trust a K-1?

Helen Eisner: Do you know if [REDACTED] is the individual connected with that trust?

Witness: You'll have to ask Alan.

Helen Eisner: This is THAG 3732, and it's actually with a stack of documents here but ... So it's actually 3730 through 3734.

I want to draw your attention to THAG 3732. At the top it says, and this is an e-mail, really the first full e-mail, towards the top from April 1st, 2015, we have your copy down this e-mail with your Grayson Fund account. It says, "Dear [REDACTED]"

the funds are now in place and will be issued shortly, FYI. Sincerely, Alan." Is that [REDACTED] [REDACTED]?

Witness: I don't know. You'll have to ask Alan.

Paul Solis: Is that you don't know the answer to the question or you're deferring to answer the question?

Witness: I'll defer to Alan.

Paul Solis: Okay, so you're refusing to answer the question of whether or not this is [REDACTED], [REDACTED]?

Witness: I don't know if it was him, but I really don't know if it was him. You can ask Alan. It's his e-mail.

Paul Solis: Well you're copied on it, so we're just wondering if know independently of this e-mail or because of this e-mail whether or not this is [REDACTED] referenced in this e-mail is [REDACTED]? If you don't know, you don't know.

Witness: I don't know. I'm sure if you ask Alan, he can tell you.

Paul Solis: Okay.

Helen Eisner: I'll show you another document here, THAG 3651. This is a wiring instructions document. I can see a lot of information is redacted. This is from February 3rd, 2015, I did say the number 3651. At the bottom, there's this hand-written instruction. It says sent back, 4/15/15, via wire, a \$100,000. I know that your name is not included on this, but what is this \$100,000 wire? Are you familiar with it?

Witness: Mm-hmm (affirmative).

Helen Eisner: Can you tell us what the purpose of the wire was?

Witness: It was sending back an investor's money.

Helen Eisner: And why was it sent back?

Witness: Because the Fund wasn't doing well and Alan sent the money, sends the money back.

Helen Eisner: All right. Would that correspond with one of those first or second investors that you mentioned to us?

Witness: Mm-hmm (affirmative).

Helen Eisner: Related to that, the transfer in the trade, THAG 3666 through 3670, just a second ... because I want to make sure you have a moment to read everything, there's

some small type here, but I want to draw your attention 3668 and 69, specifically 3668 towards the bottom. There's an e-mail that you appear to be copied on from Representative Grayson to Veda can you tell us who Veda is? Veda Balli?

Witness: She worked for GS Fund Services which is the funding service for the Grayson Fund.

Helen Eisner: Okay, the funding service as in ... ?

Witness: The company that used, I think they're like a go-between between the brokerage house and the company, so there's another level of checks and balances.

Helen Eisner: In the e-mail, towards the bottom, which you're copied on, it says, "I'm moving redacted as limited partners in the fund, effective January 31, 2015. I intend to have the funds issue them, checks for the amounts of the original investments rather than their current balances." Why was the refund for the original investment instead of their current balances?

Witness: Because that's the way Alan is.

Helen Eisner: Can you explain that to us a little?

Witness: He didn't want them to lose money.

Helen Eisner: Okay, so on the next page and it's, I guess the second full e-mail down, there's an e-mail from Representative Grayson again to Veda Balli and you're copied on this as well. It says, "Dear Veda, I think the difference should be taken from the fund's performance award fees, not from my personal investment account." Why would it have been taken from the performance award fees?

Witness: It's one of the things that I don't understand with the Fund. You'll have to ask Alan, because I don't understand it.

Helen Eisner: Do you know what the performance award fees are?

Witness: No.

Helen Eisner: That payment, was that drawn from the performance award fees and then paid?

Witness: What payment?

Helen Eisner: The difference for the full refund.

Witness: I think it was.

Helen Eisner: Okay. This document is THAG 3755 through 3762. I believe that your participation in this occurs, in really the first page here. I don't believe that you are copied on many of the other e-mails in this chain, but this is significantly

redacted. This is a black box. Can you tell us why this was redacted and what information was contained here?

Brett Kappel: You can answer the first part of that question, [the Witness].

Witness: Uh-

Paul Solis: She can answer whatever she would like to-

Witness: Honestly-

Paul Solis: ... she can rely on the advice of counsel-

Witness: I don't know.

Paul Solis: ... but she can answer how she'd like to.

Witness: I have no idea what this e-mail is about.

Helen Eisner: The subject is cost basis tracking information.

Witness: I can read that. I still don't know what it is.

Helen Eisner: It doesn't help?

Witness: Nope.

Helen Eisner: Does the timing help? It's September 2014.

Witness: No.

Helen Eisner: Is there a category of information that would have been included in this significant redaction that ... ?

Witness: It has to do with stocks and brokerage houses. I have no idea.

Helen Eisner: Did you know that this was redacted to the extent that it was?

Witness: No.

Helen Eisner: This is FS_0105. You can see this is a general chart outlining the structure of the Grayson Fund. Oh, sorry. You'll notice towards the top that there are two arrows that say 2% management fee. They are directed from the Grayson Fund LP and the Grayson Fund Cayman to the Grayson Fund Management Company. Do you know what those management fees are?

Witness: It has something to do with exactly Alan managing the fund. They're management fees.

Helen Eisner: Okay, how did you come to be aware of that, that they are related to managing the fund?

Witness: I think when Todd went over this with me.

Helen Eisner: Okay, what was the process for sending them to these two entities to ... ?

Witness: That I don't know, because he had explained it to me ten times. I still don't understand it.

Helen Eisner: Were they ever paid? Is there a record of them being sent?

Witness: I don't know. You'd have to look at the taxes.

Helen Eisner: The taxes would ... ?

Witness: I'm sure it would be on the taxes.

Helen Eisner: Okay, were there- ?

Witness: It's a fee paid to somebody.

Helen Eisner: Where there any other records that would related to these fees?

Witness: Not unless they're on the monthly statements you all got.

Helen Eisner: Okay, this is THAG 3895 through 3898 ... on the third page of that packet there, but it's really THAG 3897 ...

Brett Kappel: The next page.

Helen Eisner: There are a series of e-mails exchanged there.

Witness: Mm-hmm (affirmative).

Helen Eisner: You say towards the top, "Hey," and I believe this is directed towards Veda again, Veda Balli, yeah, or actually I'm sorry, I think that might be towards Dominic DeMichina as indicated on page 3896. Who is that Dominic DeMichina, I may be pronouncing that name incorrectly.

Witness: He was the guy who worked with Convergenx, which is ... they're the go-between between the fund and the brokerage house.

Helen Eisner: Okay. You say, "Hey," and this is on the next page, "Alan wants to take out some of the money from these accounts." In the next exchange between you and Representative Grayson, it says, "Let's do that." \$4,759.22 for the management fees plus \$2,000 for the incentive fees. What was that payment?

Witness: He took \$200,000 of his money out of his brokerage account and then \$4079.22 for management fees.

Helen Eisner: They were taken from where?

Witness: Out of the brokerage accounts.

Helen Eisner: Convergenx, I think was ... Dominic, you said, was connected with Convergenx.

Witness: Yeah.

Helen Eisner: That would've been from-

Witness: It had to go from Alan saying he wanted money, to Convergenx, who would take the money out of the brokerage house, unless they had money in-house, and put it in the Grayson Fund. I think it went into the Grayson Fund and then Alan would take his money from there.

Helen Eisner: From the Grayson Fund, would it go to the management company and then he could take it from there or did he take it-

Witness: Yes.

Helen Eisner: Okay. Can you tell us about instances in which that transfer occurred, related to management fees?

Witness: Not that I remember.

Paul Solis: Do you know if this \$4,079 that was \$200,000 actually made it Representative Grayson? Do you know if he received that money?

Witness: I don't think ... I think part of it is still in the Grayson Fund.

Paul Solis: Is there any part of that roughly \$204,000 that went to him?

Witness: Some of it did.

Paul Solis: Do you know how much?

Witness: I don't remember how much, but it was probably somewhere around 100- ... \$98,000 or something.

Paul Solis: Once it's in the management fund, then he took that money for-

Witness: That he took, yeah, because it's his money out of his brokerage account.

Helen Eisner: I want to ask you some questions about your role with Grayson Family Partnership. Can you tell us what is Grayson Family Partnership?

Witness: Alan set up a partnership for ... I don't know all the ins and outs ... For his kids. He paid off two of his houses and he put his houses as assets into the family partnership.

Helen Eisner: I can see from THAG 1322 that you were involved in that transfer. This might be ...

Witness: I think one of the houses was in West Virginia, one of them was in Virginia, so ... I did the settlements on them.

Helen Eisner: Why were you involved?

Witness: Because he was in Florida.

Helen Eisner: Somebody needed to be present?

Witness: [affirmative]

Helen Eisner: Were you paid for this participation? Was it a part of your job responsibilities?

Witness: It's part of the job responsibility.

Helen Eisner: It seems that there's some type of connection between these properties and the Lolita Carson Grayson Irrevocable Trust.

Witness: Yeah, but I don't know what.

Helen Eisner: Do you know what that trust is? Where have you seen it mentioned?

Witness: I've gotten K-1s. It has something to do with all of the Grayson Fund stuff. I got K-1s from that, which were sent to Lolita Grayson.

Helen Eisner: You got K-1s, so you were involved in some of the tax forms and filing for the family partnership.

Witness: Yeah. I just mailed them to her. It's her trust.

Helen Eisner: When you say her ...

Witness: Lolita Carson Grayson.

Helen Eisner: Do you still do that? Is that trust still in existence?

Witness: It must be, because I sent her one this year, or for last year.

Helen Eisner: We understand, and we've been talking about this a little bit, that the master fund and then the Cayman feeder fund have been terminated.

Witness: Yes.

Helen Eisner: Do you know why they were terminated?

Witness: I don't know exactly why.

Helen Eisner: You don't exactly ... Have you had conversations about that?

Witness: I was involved in the lawyer ... Go between, between he and Alan. Quite frankly, I didn't understand any of it. I just gave him the forms. Sent them back to the lawyer.

Helen Eisner: We also understand that some of these entities have changed their name? Do you know why that occurred?

Witness: I don't know why that occurred.

Helen Eisner: Were you involved in the same conversations-

Witness: Same thing. Not conversations, the "Dear [the Witness], give this to Alan ... "

Helen Eisner: What conversations have you had with Representative Grayson about the name change?

Witness: "You need to sign this form."

Helen Eisner: Okay.

Witness: That's it.

Paul Solis: That's what he said.

Witness: No, that's what I said: "Here, you need to sign this form . . . so I can send it back to the lawyer."

Paul Solis: But your first awareness that the name was going to change ... Did Representative Grayson say to you, "Hey, we're going to change the name of the fund."

Witness: No. -the lawyer sent me stuff. Said-

Paul Solis: Who's the lawyer? I can't imagine how that's privileged in any way. Who's the lawyer?

Witness: Magrotti? McGladrey.

Paul Solis: Somebody in Florida?

Witness: I think they are in Florida. I think they have an office in New York, too.

Helen Eisner: Another topic of conversation, and believe me we're moving through, just got a little bit to go, at this point. THAG 1322 and for some reason, I've misplaced one of these forms, so if you two don't mind sharing. Did I give it to you?

Brett Kappel: You got that one earlier?

Helen Eisner: You got a little preview there.

What I want to ask you about is this is an email from 2011, from Representative Grayson to you. The topic is Roth IRA. Representative Grayson says, "Dear [the Witness], I have two IRAs." Do you know what those IRAs are?

Witness: Retirement funds.

Helen Eisner: Do you know where they're held?

Witness: I don't know where they are now but they were ... It's a company that begins with an "F". Fidelity, maybe?

Helen Eisner: Did you say Fidelity? You said you don't know where they are now. Is that because there was some type of change or is that just based on recollection?

Witness: He moves stuff around all the time. I don't honestly pay attention to where he puts stuff.

Helen Eisner: Okay. Do you know what ACM Note is? Is that familiar to you?

Witness: That was a company that went bankrupt and he had money invested.

Helen Eisner: Do you know what ACM stands for?

Witness: No.

Helen Eisner: Or, approximately when they investment would have occurred and when it went bankrupt?

Witness: I'd have to guess, but 2005-ish, 06-ish, maybe.

Helen Eisner: Was this note ever paid out? You don't know.

Witness: No. I know they owed him money and I think they tried to pay him a little bit but they owed him this much and they could pay him this much and-

Helen Eisner: Okay. Just for the recording ... They owed him a lot and then they paid him a little- for your hand movements. That's okay. K&A Note? Do you know what that is?

Witness: K&A would have to be Kubli and Associates, I would assume. I don't know anything about it.

Helen Eisner: We talked about all these different entities. You've been involved in so many entities from law firms to Congressional committee to the Congressional office to different roles played with nonprofits, hedge funds. We can see forms here ... We don't have to go through all of them, but you've been involved in completing tax forms, filings, regulatory filings. Can you just explain to us how it is that you're involved in so many of these entities?

Witness: I think he trusts me enough to know that I'm going to get it done and he doesn't have to worry about it, because he can give me something to do and I'll figure out how to do it. I think he just trusts me.

Helen Eisner: Have you had conversations with Representative Grayson about the fact that you're involved in all these entities and commitments and level of detailed involvement that that requires?

Witness: No. I think he knows. I think he trusts me enough to know that I'm going to get it done.

Helen Eisner: I want to show you THAG 3980 through 3984. As you can see, this is our last document of the stack. These are email exchanges about the Grayson Fund. On the first page, this is an email with ... I'm sure I'm going to pronounce this incorrectly, but Dimitris Koukoulis. This is a CPA. The email says, "I need to set up a call with you to discuss the internal controls and processes of the Fund's." There's a lot of emailing back and forth. September 9th, 10:37 a.m., "Call me whenever, but tomorrow would be better than today." "He's got a lunch meeting tomorrow at noon. So I'll be able to talk without him needing something from me ... "

There's a lot of conversation back and forth about setting up this call and I think we've seen a lot of other emails that you've been involved in related to details like this fund management information. How often do you make calls like this, Monday through Friday, during the work day?

Witness: Phone calls?

Helen Eisner: Calls for... Any type of responsibilities or activities related to the hedge fund?

Witness: Very rarely do I make a phone call and if I do have to make a phone call, I might do it on my lunch hour.

Helen Eisner: What about exchanging emails?

Witness: Very rarely, again. I usually check my emails at night when I get home. Occasionally, they send me one to the house, and I have asked them not to do that.

Helen Eisner: When you say to the House . . .

Witness: -to my House email. The House of Representatives email, sorry. Sometimes it's something they have to send to get signed, because Alan's only in the office ... Most of the stuff I do with them is outside of the office.

Paul Solis: The Grayson Fund email address you have here, how is that accessed? Do you go online to check it or is it through Gmail?

Witness: It's a Gmail account.

Paul Solis: When you're at work in the House, do you check that Gmail account?

Witness: I will pull it up sometimes on my personal computer, but usually not. As a matter of fact, I checked it last night and I said I guess I'd better check that because it's been like a week.

Paul Solis: By personal computer, do you mean the computer here in the House, or your own computer that you own yourself?

Witness: The one I own myself.

Paul Solis: You bring that into the office?

Witness: Yes.

Helen Eisner: On the second to last page ... Actually, it's the last page, towards the top, you wrote an email to this individual again, Dimitris. You say, "When you send me an email if you send me something to [House of Representatives email], that just says check the fund mail, I'll know." How often would you say you used that house.gov email for fund-related activities?

Witness: Not very often. Not very often. Maybe on a scale of 1 to 10, a half, maybe, might be three-quarters. It's not very often.

Helen Eisner: Let me just make sure I understood that. On a scale of 1 to 10, a half ...

Brett Kappel: A half of one.

Helen Eisner: Half of one, okay got it. Half of one. I think that there was a period of time when you were still and I guess you're still connected in some way to AMG TR and there was a period when you were doing work for Grayson Law Center, then GL CTR PC. Those funds have email accounts that you could access online?

Witness: Yes, I have an account with Graysonlaw.net.

Helen Eisner: How do you access that? You just go to a webpage and access it?

Witness: Yes.

Helen Eisner: How often would you perform work for those law firms during the weekday?

Witness: I'd have to say almost never. There's nothing going on with the law firms.

Helen Eisner: What about in 2013, when it was a little more active?

Witness: It wasn't that active in 2013, either.

Helen Eisner: Collections, that type of work?

Witness: That kind of just slid off a lot with doing everything else.

Helen Eisner: Did you have ... What conversations did you have with Representative Grayson about use of your time, time management, as far as the work that was required, sometimes on a daily basis, related to the fund?

Witness: He never talked to me about time management.

Helen Eisner: Did you ever raise any concerns with Representative Grayson about time?

Witness: No.

Helen Eisner: Was there ever a discussion about keeping track of those eight hours and understanding when they were performed during the workday versus not performed during the workday?

Witness: In the beginning, when I started. That's when I said I used to keep track of my time, for around a month.

Paul Solis: I think Helen's question though is based on did you have any conversations with Representative Grayson about ... Of those eight hours, would they occur during the workday or would they occur after the workday or on the weekends. Did you have any talks with him about that?

Witness: No.

Paul Solis: Of those eight hours, let's say currently, are they all done at night and on the weekend or are any of them done during the work week?

Brett Kappel: I think the question they're trying to get to, [the Witness], is where are you when you do work for the fund?

Witness: Oh, I'm at home.

Paul Solis: That's not my question. My question is of the eight hours that you conduct work for the firm, that you're paid for, are any of those hours done during the normal workday, which is 9:00 a.m. to 5:00 p.m.?

Brett Kappel: I think you have to say which day of the week because you work from home for the fund, one day a week, right?

Witness: Right.

Paul Solis: Okay, so you work at home ... Monday through Friday, one of those days during the work week, you work at home?

Witness: Yes.

Paul Solis: For the fund?

Witness: Yes.

Paul Solis: You do no Congressional work?

Witness: Well, no. I always do Congressional work. My email goes off 24/7, 365.

Paul Solis: Okay, so the day that you're at home doing work for the fund, you're also getting emails based on your work here at the House, right? Is it a day that's consisting of a mixed work environment of fund work and Congressional work?

Witness: When I'm working for the fund ...

Paul Solis: Those other four days, you're here, actually, physically in the House complex.

Witness: Correct.

Paul Solis: Of those four days, do you ever conduct fund work, while physically in the House complex?

Witness: The only thing that I might do is get him to sign something, because that's when I see him. If he has to sign stuff, I don't see him when he's in Florida, so I would say 99.9 percent of the time, no. He has signed papers in the office for me.

Paul Solis: When you're at home, doing work for the fund, one day a week, of that time you're at home, what percentage would you say if you could estimate is devoted strictly to the fund and not to your Congressional duties?

Witness: I can't even estimate because honestly, my email goes off constantly and I'm always going back and forth. Doesn't your email go off that much? Mine never stops.

Paul Solis: We probably get less emails than you do.

Helen Eisner: As scheduler, I'm sure it's constant. I think that you have a sense of the types of issues we're looking into. Is there anything else that you think we should know?

Witness: Not that I can think of.

Helen Eisner: Anyone else you think we should speak with?

Witness: Not really, no. Sorry.

Helen Eisner: Besides your counsel, have you spoken with anyone else about our investigation?

Witness: No.

Helen Eisner: Okay. Have you spoken with Representative Grayson?

Witness: About the investigation? Just in a general sense.

Helen Eisner: In a general sense?

Paul Solis: What do you mean by that?

Witness: Well, I helped him get the tax stuff, find the fund paperwork that you guys were asking for. I would call that general.

Helen Eisner: Did any of those conversations, communications, relate in any way to your cooperation with our investigation?

Witness: No.

Helen Eisner: At any point, did he give you a narrative for how to answer any of our questions?

Witness: No.

Helen Eisner: I think that ... Unless you have any further questions . . . I think that's the end.

Paul Solis: It's been a long time. I really appreciate your help with us today and thank you so much for your time.

Helen Eisner: Thank you.

Witness: You're welcome.

CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

ERRATA SHEET – [REDACTED] TRANSCRIPT

Page	Line	Correction	Reason
2	13	there are two question marks at the end of the sentence, delete one of those question marks	typo, grammar
2	20	"I pay bills do anything that needs to be done office management type things." should be an ellipses or dash in between the words done and office management	typo, grammar
3	7	add a period at the end of the sentence	typo, grammar
3	8	change "All right" to "Alright"	typo, grammar
5	14-15	this states "What role do you play in completing or filing Representative of Grayson's financial disclosure statements, his periodic transaction reports?"; There should be no "of" after "Representative"	typo, grammar
7	18	need a period at the end of the sentence. Change "Attorney" to "attorney."	typo, grammar
9	20	need a period at the end of the sentence. Change "Attorney" to "attorney."	typo, grammar
11	9	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
12	12	"Carla Coleman: Government contract and stuff." read be "Government contracts	typo, grammar
16	13	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
14	13-14	I was the one doing billings so I know didn't bill anything out on Derivium." add the	typo, grammar

Page	Line	Correction	Reason
		word "I" before "didn't bill anything out on Derivium."	
14	18-19	"You worked at Kubli and Associates and then I think as we were talking earlier, you mentioned the next law firm that you worked was Grayson Law Center" Should be the word "at" or "for" after the words "you worked."	typo, grammar
16	1	"I think they were whistle blowing the cases." Should remove "the" before "cases."	typo, grammar
16	14-16	"What happened to those other attorneys that in that did not transition to Grayson Law Center?" delete "that in"	typo, grammar
18	13	need a period at the end of the sentence, after "During 2011 for Grayson Law Center"	typo. incorrect grammar
19	1	"I think I think one in 2011" – add dash or ellipses in between first and second "I think"	typo, incorrect grammar
20	12	"THAG 3820" –use of bates numbering is inconsistent, use consistent spelling of bates numbers	
21	04	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
22	1-2	"There's still money that's out there that's due to Grayson & Kubli so as Representative I guess wants to be a viable company." This is a fragment and does not appear to accurately transcribe what was said.	typo, incorrect grammar
23	2	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
24	9	In the following language "Mm-mm (negative).", delete "(negative)"	the word "(negative)" was never uttered by the witness and the transcript

Page	Line	Correction	Reason
			must speak for itself; if "Mm-mm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
28	12-13	"THAG 0643" –please keep spelling of Bates numbers consistent	
29	12-13	In the following language "Did you ever have a conversation with the Representative of Grayson ", delete "of"	typo, grammar
29	26	remove comma after "whistle blower" so it does not state "whistle blower, case"	typo, grammar
30	19	In the following language "It is a company one of Alan's Companies UMTI.",add dash or ellipses after the word company	typo, grammar
32	16-17	"Do you if Representative Grayson maintained any type of ongoing interest in that case when he entered Congress?" – ad know after "Do you"	typo, grammar
32	21	"Were any payments made to Representative Grayson from that case that?" – delete the word "that" at the end of the sentence	typo, grammar
34	5	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
42	5	change "Do you have a conversation ever with Todd about what his entity was?" to "Did you have a conversation ever with Todd about what this entity was?"	typo, grammar
43	11	there is an errant comma as follows: "Well,... I think you said that what you know is these brokerage accounts . . ."	typo, grammar
43	11-12	"I think this all has to do with the same thing. That's the Grayson fund is part of his Hedge Fund." change hedge fund to lower case – same issue in line 6 of same page; also change "That's" to "That"	typo, grammar; also inconsistent/incorrect use of capitalization
44	26	In the following language "Mm-hmmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the

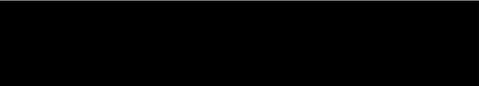
Page	Line	Correction	Reason
			witness and the transcript must speak for itself; if "Mm-hmmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
47	13	In the following language "Uh huh (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Uh huh" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
47	20	"Your remember that that ..." – use a dash to separate two the word "that" from the repeated word "that"	typo, grammar
47	25	"TJ_0056" – again, inconsistent spelling of bates numbers	typo, grammar
47		Ms. Eisner quotes the following passage from a document: "I'll fedex a transfer check to the bank today and I am here by myself so I can't run to the bank. There will be money in there tomorrow to cover checks. Do you know if Grayson Consulting will be paying your salary at the end of the month? Just trying to plan." – I request a copy of this document so that I can confirm the accuracy of this language. I reserve the right to object to the accuracy of this language and language from other documents quoted from that I have not been provided copies of from the OCE.	
49	13	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
53	11-12, 16	"the fund" described in lower case, but described elsewhere as a proper noun and capitalized, e.g.	inconsistent, incorrect use of capitalization

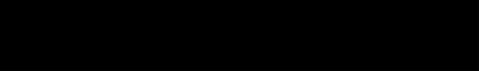
Page	Line	Correction	Reason
		p. 49, line 24; remove capitalization unless it is clear that a proper noun is being used.	
57	15	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
58	29	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
59	1	"the fund" is capitalized; remove capitalization unless it is clear that a proper noun is being used.	inconsistent, incorrect use of capitalization
59	5	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
59	26-27	Change "Dear Veda, I think the difference should be taken from the fund's performance and award fees, not from my personal investment account.", to "Dear Veda: I think that the difference should be taken from the Fund's performance award fees, not from my personal investment account."	Ms. Eisner was reading from a document and the transcript does not match what the document says
59	29	"the fund" is capitalized; remove capitalization unless it is clear that a proper noun is being used.	inconsistent, incorrect use of capitalization
60	5	"THAG 3755", inconsistent spelling of bates numbers	inconsistent spelling of bates numbers
61	4	"FS_015.", inconsistent spelling of bates numbers	inconsistent spelling of bates numbers

Page	Line	Correction	Reason
62	2	In the following language "Mm-hmm (affirmative).", delete "(affirmative)"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself; if "Mm-hmm" was inadequate OCE could have asked witness whether he or she meant "yes" or "no" by that
63	23	Delete "[affirmative]"	the word "(affirmative)" was never uttered by the witness and the transcript must speak for itself
65	24-25	Change " Dear Carla, I have two IRAs. ", to " Dear Carla: I have two IRAs."	Ms. Eisner was reading from a document and the transcript does not match what the document says
66	11-12	Change "Or, approximately when they investment would have occurred and when it went bankrupt?", to "Or, approximately when the investment would have occurred and when it went bankrupt?"	typo, grammar
66	23	"Congressional office" is in caps, is not in other parts of the transcript – please be sure to use consistent capitalization	inconsistent use of capitalization
67, <i>passim</i>	10, <i>passim</i>	change "Dimitris Koukolis." to "Dimitris Koukoulis"	spelling
		remove quotations around the following language as Ms. Esiner is paraphrasing what is in the document and not quoting directly, the quotations do not match up with what is in the document: (1) "I need to set up a call with you to discuss the internal controls and processes of the Fund's" (2) "Call me whenever, but tomorrow would be better than today." (3) "He's got a lunch meeting tomorrow at noon. So I'll be able to talk without him needing something from me ...", correct quotation is as follows: <ol style="list-style-type: none"> 1. " I also need to set up a call with you to discuss the internal controls and processes of the Fund's" 2. " call me whenever but tomorrow would be better than today" 3. "he's got a lunch meeting tomorrow at noon so I'll be able to talk without him 	Ms. Eisner was reading from a document and the transcript does not match what the document says

Page	Line	Correction	Reason
		needing something from me."	
67	25	Capitalize the word "house"	incorrect capitalization
68	10-14	Change " When you send me an email if you send me something to Carla.Coleman @mail.house.gov, that just says check the fund mail, I'll know.", to " When you send me an email if you send me something to carla.coleman@mail.house.gov that just says - check the fund email -, I'll know!"	Ms. Eisner was reading from a document and the transcript does not match what the document says

This errata sheet is submitted subject to 18 U.S.C. § 1001 (commonly known as the False Statements Act).

Witness Name: 

Witness Signature: 

Date: 11-18-15

EXHIBIT 14

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete. The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION

Washington, D.C. 20549

FORM D

OMB APPROVAL

OMB Number: 3235-0076
Estimated average burden
hours per response: 4.00

Notice of Exempt Offering of Securities

1. Issuer's Identity

CIK (Filer ID Number)

0001532971

Name of Issuer

Grayson Fund (Cayman) Ltd.

Jurisdiction of
Incorporation/Organization

CAYMAN ISLANDS

Year of Incorporation/Organization

Over Five Years Ago

Within Last Five Years (Specify Year) 2011

Yet to Be Formed

Previous
Names

None

Entity Type

Corporation

Limited Partnership

Limited Liability Company

General Partnership

Business Trust

Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer

Grayson Fund (Cayman) Ltd.

Street Address 1

4705 S. APOPKA VINELAND ROAD

Street Address 2

SUITE 110

City

ORLANDO

State/Province/Country

FLORIDA

ZIP/PostalCode

32819

Phone Number of Issuer

407-909-8800

3. Related Persons

Last Name

The Grayson Fund Management
Company, LLC

First Name

n/a

Middle Name

Street Address 1

4705 S. Apopka Vineland Road

Street Address 2

Suite 110

City

Orlando

State/Province/Country

FLORIDA

ZIP/PostalCode

32819

Relationship: Executive Officer Director Promoter

RepGrayson_0000466

THAG_0467

15-6530_0417

Clarification of Response (if Necessary):

Investment Manager of the Issuer

Last Name	First Name	Middle Name
Grayson	Alan	
Street Address 1	Street Address 2	
████████████████████	██████████	
City	State/Province/Country	ZIP/PostalCode
██████████	██████████	██████████
Relationship: <input type="checkbox"/> Executive Officer <input checked="" type="checkbox"/> Director <input type="checkbox"/> Promoter		

Clarification of Response (if Necessary):

Last Name	First Name	Middle Name
Coleman	Carla	
Street Address 1	Street Address 2	
████████████████████	██████████	
City	State/Province/Country	ZIP/PostalCode
██████████	██████████	██████████
Relationship: <input type="checkbox"/> Executive Officer <input checked="" type="checkbox"/> Director <input type="checkbox"/> Promoter		

Clarification of Response (if Necessary):

4. Industry Group

- | | | |
|---|---|--|
| <input type="checkbox"/> Agriculture | Health Care | <input type="checkbox"/> Retailing |
| Banking & Financial Services | <input type="checkbox"/> Biotechnology | <input type="checkbox"/> Restaurants |
| <input type="checkbox"/> Commercial Banking | <input type="checkbox"/> Health Insurance | Technology |
| <input type="checkbox"/> Insurance | <input type="checkbox"/> Hospitals & Physicians | <input type="checkbox"/> Computers |
| <input type="checkbox"/> Investing | <input type="checkbox"/> Pharmaceuticals | <input type="checkbox"/> Telecommunications |
| <input type="checkbox"/> Investment Banking | <input type="checkbox"/> Other Health Care | <input type="checkbox"/> Other Technology |
| <input checked="" type="checkbox"/> Pooled Investment Fund | <input type="checkbox"/> Manufacturing | Travel |
| <input checked="" type="checkbox"/> Hedge Fund | Real Estate | <input type="checkbox"/> Airlines & Airports |
| <input type="checkbox"/> Private Equity Fund | <input type="checkbox"/> Commercial | <input type="checkbox"/> Lodging & Conventions |
| <input type="checkbox"/> Venture Capital Fund | <input type="checkbox"/> Construction | <input type="checkbox"/> Tourism & Travel Services |
| <input type="checkbox"/> Other Investment Fund | <input type="checkbox"/> REITS & Finance | <input type="checkbox"/> Other Travel |
| Is the issuer registered as an investment company under the Investment Company Act of 1940? | <input type="checkbox"/> Residential | <input type="checkbox"/> Other |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Other Real Estate | |
| <input type="checkbox"/> Other Banking & Financial Services | | |
| <input type="checkbox"/> Business Services | | |

Energy

- Coal Mining
- Electric Utilities
- Energy Conservation
- Environmental Services
- Oil & Gas
- Other Energy

5. Issuer Size

- | Revenue Range | OR | Aggregate Net Asset Value Range |
|---|----|---|
| <input type="checkbox"/> No Revenues | | <input type="checkbox"/> No Aggregate Net Asset Value |
| <input type="checkbox"/> \$1 - \$1,000,000 | | <input type="checkbox"/> \$1 - \$5,000,000 |
| <input type="checkbox"/> \$1,000,001 - \$5,000,000 | | <input type="checkbox"/> \$5,000,001 - \$25,000,000 |
| <input type="checkbox"/> \$5,000,001 - \$25,000,000 | | <input type="checkbox"/> \$25,000,001 - \$50,000,000 |
| <input type="checkbox"/> \$25,000,001 - \$100,000,000 | | <input type="checkbox"/> \$50,000,001 - \$100,000,000 |
| <input type="checkbox"/> Over \$100,000,000 | | <input type="checkbox"/> Over \$100,000,000 |
| <input type="checkbox"/> Decline to Disclose | | <input checked="" type="checkbox"/> Decline to Disclose |
| <input type="checkbox"/> Not Applicable | | <input type="checkbox"/> Not Applicable |

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

- Investment Company Act Section 3(c)
- Rule 504(b)(1) (not (i), (ii) or (iii))
- Rule 504 (b)(1)(i)
- Rule 504 (b)(1)(ii)
- Rule 504 (b)(1)(iii)
- Rule 505
- Rule 506(b)
- Rule 506(c)
- Securities Act Section 4(a)(5)
- Section 3(c)(1)
- Section 3(c)(2)
- Section 3(c)(3)
- Section 3(c)(4)
- Section 3(c)(5)
- Section 3(c)(6)
- Section 3(c)(7)
- Section 3(c)(9)
- Section 3(c)(10)
- Section 3(c)(11)
- Section 3(c)(12)
- Section 3(c)(13)
- Section 3(c)(14)

7. Type of Filing

- New Notice Date of First Sale First Sale Yet to Occur
- Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? Yes No

9. Type(s) of Securities Offered (select all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Equity | <input checked="" type="checkbox"/> Pooled Investment Fund Interests |
| <input type="checkbox"/> Debt | <input type="checkbox"/> Tenant-in-Common Securities |
| <input type="checkbox"/> Option, Warrant or Other Right to Acquire Another Security | <input type="checkbox"/> Mineral Property Securities |
| <input type="checkbox"/> Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security | <input type="checkbox"/> Other (describe) |

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? Yes No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor \$0 USD

12. Sales Compensation

Recipient	Recipient CRD Number <input checked="" type="checkbox"/> None	
(Associated) Broker or Dealer <input checked="" type="checkbox"/> None	(Associated) Broker or Dealer CRD Number <input checked="" type="checkbox"/> None	
Street Address 1	Street Address 2	ZIP/Postal Code
City	State/Province/Country	
State(s) of Solicitation (select all that apply) Check "All States" or check individual States	<input type="checkbox"/> All States <input type="checkbox"/> Foreign/non-US	

13. Offering and Sales Amounts

Total Offering Amount USD or Indefinite

Total Amount Sold \$0 USD

Total Remaining to be Sold USD or Indefinite

Clarification of Response (if Necessary):

Assets Under Management

14. Investors

Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering:

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions \$0 USD Estimate

Finders' Fees \$0 USD Estimate

Clarification of Response (if Necessary):

This excludes any internal marketing staff who may be paid compensation, but not commission, for their duties.

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

\$0 USD Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against it in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Regulation D for one of the reasons stated in Rule 505(b)(2)(iii) or Rule 506(d).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Company, Inc. (Company) Ltd.	[Signature]	Mr. Company	Director of the Company	2014.11.24

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.

EXHIBIT 15

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete. The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM D

OMB APPROVAL	
OMB Number:	3235-0076
Estimated average burden hours per response:	4.00

Notice of Exempt Offering of Securities

1. Issuer's Identity

CIK (Filer ID Number)

0001532971

Name of Issuer

Grayson Fund (Cayman) Ltd.

Jurisdiction of Incorporation/Organization

CAYMAN ISLANDS

Year of Incorporation/Organization

Over Five Years Ago

Within Last Five Years (Specify Year) 2011

Yet to Be Formed

Previous Names

None

Entity Type

Corporation

Limited Partnership

Limited Liability Company

General Partnership

Business Trust

Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer

Grayson Fund (Cayman) Ltd.

Street Address 1

4705 S. APOPKA VINELAND ROAD

Street Address 2

SUITE 110

City

ORLANDO

State/Province/Country

FLORIDA

ZIP/PostalCode

32819

Phone Number of Issuer

407-909-8800

3. Related Persons

Last Name

The Grayson Fund Management Company LLC

First Name

n/a

Middle Name

Street Address 1

4705 S. Apopka Vineland Road

Street Address 2

Suite 110

City

Orlando

State/Province/Country

FLORIDA

ZIP/PostalCode

32819

Relationship: Executive Officer Director Promoter

RepGrayson_00000472

THAG_0473

15-6530_0424

Clarification of Response (if Necessary):

Investment Manager of the Issuer

Last Name	First Name	Middle Name
Grayson	Alan	
Street Address 1	Street Address 2	
████████████████████	██████████	
City	State/Province/Country	ZIP/PostalCode
██████████	██████████	██████████
Relationship: <input type="checkbox"/> Executive Officer <input checked="" type="checkbox"/> Director <input type="checkbox"/> Promoter		

Clarification of Response (if Necessary):

Last Name	First Name	Middle Name
Grayson	Lolita	
Street Address 1	Street Address 2	
████████████████████	██████████	
City	State/Province/Country	ZIP/PostalCode
██████████	██████████	██████████
Relationship: <input type="checkbox"/> Executive Officer <input checked="" type="checkbox"/> Director <input type="checkbox"/> Promoter		

Clarification of Response (if Necessary):

4. Industry Group

- | | | |
|---|---|--|
| <input type="checkbox"/> Agriculture | Health Care | <input type="checkbox"/> Retailing |
| Banking & Financial Services | <input type="checkbox"/> Biotechnology | <input type="checkbox"/> Restaurants |
| <input type="checkbox"/> Commercial Banking | <input type="checkbox"/> Health Insurance | Technology |
| <input type="checkbox"/> Insurance | <input type="checkbox"/> Hospitals & Physicians | <input type="checkbox"/> Computers |
| <input type="checkbox"/> Investing | <input type="checkbox"/> Pharmaceuticals | <input type="checkbox"/> Telecommunications |
| <input type="checkbox"/> Investment Banking | <input type="checkbox"/> Other Health Care | <input type="checkbox"/> Other Technology |
| <input checked="" type="checkbox"/> Pooled Investment Fund | <input type="checkbox"/> Manufacturing | Travel |
| <input checked="" type="checkbox"/> Hedge Fund | Real Estate | <input type="checkbox"/> Airlines & Airports |
| <input type="checkbox"/> Private Equity Fund | <input type="checkbox"/> Commercial | <input type="checkbox"/> Lodging & Conventions |
| <input type="checkbox"/> Venture Capital Fund | <input type="checkbox"/> Construction | <input type="checkbox"/> Tourism & Travel Services |
| <input type="checkbox"/> Other Investment Fund | <input type="checkbox"/> REITS & Finance | <input type="checkbox"/> Other Travel |
| Is the issuer registered as an investment company under the Investment Company Act of 1940? | <input type="checkbox"/> Residential | <input type="checkbox"/> Other |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Other Real Estate | |
| <input type="checkbox"/> Other Banking & Financial Services | | |
| <input type="checkbox"/> Business Services | | |

Energy

- Coal Mining
- Electric Utilities
- Energy Conservation
- Environmental Services
- Oil & Gas
- Other Energy

5. Issuer Size

- | Revenue Range | OR | Aggregate Net Asset Value Range |
|---|----|---|
| <input type="checkbox"/> No Revenues | | <input type="checkbox"/> No Aggregate Net Asset Value |
| <input type="checkbox"/> \$1 - \$1,000,000 | | <input type="checkbox"/> \$1 - \$5,000,000 |
| <input type="checkbox"/> \$1,000,001 - \$5,000,000 | | <input type="checkbox"/> \$5,000,001 - \$25,000,000 |
| <input type="checkbox"/> \$5,000,001 - \$25,000,000 | | <input type="checkbox"/> \$25,000,001 - \$50,000,000 |
| <input type="checkbox"/> \$25,000,001 - \$100,000,000 | | <input type="checkbox"/> \$50,000,001 - \$100,000,000 |
| <input type="checkbox"/> Over \$100,000,000 | | <input type="checkbox"/> Over \$100,000,000 |
| <input type="checkbox"/> Decline to Disclose | | <input checked="" type="checkbox"/> Decline to Disclose |
| <input type="checkbox"/> Not Applicable | | <input type="checkbox"/> Not Applicable |

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

- | | |
|--|--|
| <input type="checkbox"/> Rule 504(b)(1) (not (i), (ii) or (iii)) | <input type="checkbox"/> Rule 505 |
| <input type="checkbox"/> Rule 504 (b)(1)(i) | <input checked="" type="checkbox"/> Rule 506 |
| <input type="checkbox"/> Rule 504 (b)(1)(ii) | <input type="checkbox"/> Securities Act Section 4(5) |
| <input type="checkbox"/> Rule 504 (b)(1)(iii) | <input checked="" type="checkbox"/> Investment Company Act Section 3(c) |
| | <input checked="" type="checkbox"/> Section 3(c)(1) <input type="checkbox"/> Section 3(c)(9) |
| | <input type="checkbox"/> Section 3(c)(2) <input type="checkbox"/> Section 3(c)(10) |
| | <input type="checkbox"/> Section 3(c)(3) <input type="checkbox"/> Section 3(c)(11) |
| | <input type="checkbox"/> Section 3(c)(4) <input type="checkbox"/> Section 3(c)(12) |
| | <input type="checkbox"/> Section 3(c)(5) <input type="checkbox"/> Section 3(c)(13) |
| | <input type="checkbox"/> Section 3(c)(6) <input type="checkbox"/> Section 3(c)(14) |
| | <input type="checkbox"/> Section 3(c)(7) |

7. Type of Filing

- New Notice Date of First Sale First Sale Yet to Occur

Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? Yes No

9. Type(s) of Securities Offered (select all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Equity | <input checked="" type="checkbox"/> Pooled Investment Fund Interests |
| <input type="checkbox"/> Debt | <input type="checkbox"/> Tenant-in-Common Securities |
| <input type="checkbox"/> Option, Warrant or Other Right to Acquire Another Security | <input type="checkbox"/> Mineral Property Securities |
| <input type="checkbox"/> Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security | <input type="checkbox"/> Other (describe) |

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? Yes No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor \$0 USD

12. Sales Compensation

Recipient	Recipient CRD Number <input checked="" type="checkbox"/> None	
(Associated) Broker or Dealer <input checked="" type="checkbox"/> None	(Associated) Broker or Dealer CRD Number <input checked="" type="checkbox"/> None	
Street Address 1	Street Address 2	ZIP/Postal Code
City	State/Province/Country	
State(s) of Solicitation (select all that apply) Check "All States" or check individual States	<input type="checkbox"/> All States <input type="checkbox"/> Foreign/non-US	

13. Offering and Sales Amounts

Total Offering Amount USD or Indefinite
Total Amount Sold \$0 USD
Total Remaining to be Sold USD or Indefinite

Clarification of Response (if Necessary):

14. Investors

Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering:

0

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions \$0 USD Estimate

Finders' Fees \$0 USD Estimate

Clarification of Response (if Necessary):

This excludes internal marketing staff who are paid compensation, but not commission, for their duties.

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

\$0 USD Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against it in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Rule 505 exemption, the issuer is not disqualified from relying on Rule 505 for one of the reasons stated in Rule 505(b)(2)(iii).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

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Issuer	Signature	Name of Signer	Title	Date
Grayson Fund (Cayman) Ltd.	Alan Grayson	Alan Grayson	Director of the Issuer	2012-10-18

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") (Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)) imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.

EXHIBIT 16

December 21, 2012

Joseph D. Goldstein
G&S Fund Services, LLC
114 West 47th Street, Suite 1725
New York, NY 10036

Dear Joe:

This letter serves as an assignment agreement between myself and the Grayson Family Partnership, L.L.L.P. As of this date, I, personally, have a \$10 million subscription with The Grayson Fund, LP. I would like to assign \$ 6 million of my subscription to the Grayson Family Partnership, L.L.L.P. Upon execution, I, personally, would have a \$ 4 million subscription, and the new family partnership would have a \$ 6 million subscription. This assignment is effective December 21, 2012.

Correct value of (AVG)
~~approximately~~ *approximately* (AVG)

In addition, I would like to have the terms of my side letter dated August 16, 2011 apply to the family partnership as well. Specifically, the investment will not be subject to a Management Fee, and the Incentive Allocation will be 30 percent, instead of 20 percent as stipulated in the Subscription Documents, LP Agreement and PPM.

Enclosed you will find the executed Subscription Documents, LP Agreement and side letter for the Grayson Family Partnership, L.L.L.P.

If you have any questions or concerns, you can reach me by phone at [REDACTED] or via e-mail at [REDACTED]. Thanks in advance for your efforts.

With Regards,

[REDACTED]

Alan Grayson ✓
Investor, The Grayson Fund, LP

AG/tj

Enclosures

cc: Veda Balli (via e-mail)

EXHIBIT 17

THE GRAYSON FUND, LP

Subscription Documents

GENERAL PARTNER:

The Grayson Fund General Partner, LLC
4705 S. Apopka Vineland Road
Suite 110

Orlando, FL 32819

Tel: [REDACTED]

Fax: [REDACTED]

INVESTMENT MANAGER:

The Grayson Fund Management Company, LLC
4705 S. Apopka Vineland Road
Suite 110

Orlando, FL 32819

Tel: [REDACTED]

Fax: [REDACTED]

THE GRAYSON FUND, LP
INVESTMENT PROCEDURES

If you wish to subscribe for limited partnership interests ("Interests") in The Grayson Fund, LP (the "Fund"), please complete the following steps prior to the intended date of subscription:

- (1) Review and complete this subscription agreement of the Fund ("Subscription Agreement"), make a copy for your records, and send the completed original, with a copy by telecopier, to the Fund's administrator, G&S Fund Services, LLC (the "Administrator") at the address below, to arrive as soon as possible and in any event by 12:00 P.M. U.S. Eastern Standard Time at least three business days (or, if paying by check, fifteen (15) calendar days) prior to the initial closing date or the day of any permitted closing thereafter, so that the Administrator and/or general partner of the Fund, The Grayson Fund General Partner, LLC (the "General Partner"), may determine whether you are eligible to subscribe for Interests.

Please send the Subscription Agreement and direct all questions to:

G&S Fund Services, LLC
Att: Veda Balli
114 West 47th Street, Suite 1725
New York, NY 10036
Tel: [REDACTED]
Fax: [REDACTED]

For existing investors making an additional investment, please complete and send only the Additional Subscription Request Form that immediately follows the Subscription Agreement Execution Page.

- (2) The Administrator and/or General Partner will notify you whether you are eligible to subscribe for Interests.
- (3) Please wire transfer the intended subscription amount (the "Subscription Amount") to the Fund, to arrive as soon as possible and in any event at least three (3) business days prior to the closing date or the day of any permitted closing thereafter, using the attached Wire Transfer Information sheet, or send a check written for the intended Subscription Amount, made payable to "The Grayson Fund, LP", to arrive as soon as possible and in any event at least fifteen (15) calendar days prior to the closing date or the day of any permitted closing thereafter. If the subscription is not accepted for any reason, the Subscription Amount and payment will be returned to you, without interest. The minimum investment is \$500,000, subject to increase or waiver by the General Partner.

Identification Documentation:

You must attach the applicable documentation set forth below to your completed Subscription Agreement:

- (1) For individuals, attach a copy of photographic identification (e.g., driver's license or passport);
- (2) For partnerships, attach (a) a copy of the Certificate of Limited Partnership or Certificate of Registration of the partnership and any change of name certificate, and (b) a properly authorized mandate authorizing the partnership to subscribe, (e.g., a certified resolution which includes the names of the authorized signatories);
- (3) For trusts, attach a copy of the Certificate of Trust and the Certificate of Registration of the trustee, where applicable; or

- (4) For corporations or limited liability companies, attach (a) a copy of the Certificate of Incorporation or Certificate of Formation of the company and any change of name certificate, and (b) a properly authorized mandate authorizing the corporation or the company to subscribe, (e.g. a certified resolution which includes the names of the authorized signatories).
- (5) For all persons, attach a copy of a government issued form of picture identification for each of the authorized signatories.

Entity investors should also complete and attach the relevant Schedule under Appendix C.

If requested by the Administrator and/or General Partner, each prospective investor that is an entity must provide further evidence that its constitutional documents (e.g., certificate of incorporation, by-laws, partnership agreement or trust agreement) permit it to make investments in securities such as the Interests, that all appropriate action has been taken by it to authorize the investment, and that each person executing the Subscription Agreement has the authority to do so.

If you are not a qualified investor, or if you decide not to subscribe for an Interest, please return all of the enclosed documents to the above address. The enclosed documents may not be reproduced or duplicated, or delivered by you or your agent to any other person.

THE GRAYSON FUND, LP
WIRE TRANSFER INFORMATION

Your bank should wire transfer immediately available funds to:

Bank of America
One Bryant Park
34th Floor
New York, NY 10036
ABA # [REDACTED]
A/C U: [REDACTED]
A/C #: [REDACTED]
Swift #: [REDACTED]

Please also promptly confirm your wire transfer to the Fund, Attn: Todd Jurkowski, by telephone at [REDACTED]
[REDACTED] or by fax at [REDACTED]

Note: We recommend that your bank charge its wiring fees separately so that an even amount may be invested.

Dear Sirs or Madams:

The undersigned acknowledges that the offer and sale of limited partnership interests ("Interests") in The Grayson Fund, LP, a Delaware limited partnership (the "Fund"), to the undersigned investor and any co-investor (each collectively referred to herein as, the "Investor") is not being registered under the Securities Act of 1933, as amended (the "Securities Act"), but rather is being made privately by the Fund pursuant to the private placement exemption from registration provided in Section 4(2) of the Securities Act, on the basis of the most recently dated Confidential Private Placement Memorandum of the Fund (the "Memorandum"), as the same may be updated or modified from time to time. Each capitalized term used, not otherwise defined herein, shall have the meaning assigned to it in the Memorandum and the limited partnership agreement of the Fund (the "Partnership Agreement").

The undersigned further acknowledges that the information requested in this Subscription Agreement is needed in order to ensure compliance with the appropriate regulations and to determine: (1) whether an investment in the Fund by the Investor is appropriate in light of the Investor's financial position; (2) whether the Investor meets certain minimum net worth tests to be deemed an "accredited investor" as defined in the Securities Act.

The Investor also understands and agrees that, although the Fund will use its best efforts to keep the information provided in the answers to this Subscription Agreement strictly confidential, the Fund may present this Subscription Agreement and such information to such parties as it deems advisable, if called upon to establish the availability under any applicable law, rule or regulation of an exemption from registration of the Interests, or if the contents thereof are relevant to any issue in any action, suit, or proceeding to which the Fund, the General Partner, or any of the General Partner's affiliates is a party or by which any of them is or may be bound.

The Investor understands that this Subscription Agreement does not constitute an offer by the Fund to sell the Interests, but is merely a request for information.

Accordingly, the Investor hereby acknowledges, understands and agrees as follows:

I. SUBSCRIPTION FOR AN INTEREST.

A. The Investor agrees to become a limited partner of the Fund (a "Limited Partner") and in connection therewith, subject only to the Fund's acceptance of this subscription, subscribes for and agrees to purchase an Interest in and to make a capital contribution ("Capital Contribution") to the Fund on the terms provided for herein, in the Memorandum, and in the limited partnership agreement of the Fund (the "Partnership Agreement"). The minimum initial subscription is \$500,000, subject to increase or waiver in the sole and absolute discretion of the General Partner. The Investor understands and agrees to the terms and conditions upon which the Interests are being offered, including, without limitation, the risk factors referred to in the Memorandum. Prior to the closing date established by the Fund for such subscription, the Investor's payment (the "Tendered Funds") may be held in an account of the Fund, subject to the terms and conditions herein set forth.

B. The Investor understands and agrees that the Fund reserves the right to reject this subscription for an Interest for any reason or no reason, in whole or in part and at any time prior to acceptance thereof. In the event of rejection of this subscription, the Tendered Funds will be promptly returned to the Investor without deduction, along with this Subscription Agreement, and this Subscription Agreement shall have no force or effect. Upon acceptance of this subscription by the Fund, the Investor shall be a Limited Partner. The Investor hereby agrees that by its execution of this Subscription Agreement, upon acceptance hereof by the Fund, it shall, without further act or instrument, become a party to the Articles.

II. PAYMENT BY THE INVESTOR.

The Investor will wire transfer payment for an Interest by 12:00 P.M. U.S. Eastern Standard Time at least three business days prior to the initial closing date, or the day of any permitted closing thereafter, or will send a check written for the intended Subscription Amount at least fifteen (15) business days prior to the closing date or the day of any permitted closing thereafter, subject to the sole and absolute discretion of the General Partner to waive such "prior receipt" requirement (See attached Wire Transfer Information sheet) Checks sent to the Fund should be made payable to "The Grayson Fund, LP."

III. REPRESENTATIONS AND COVENANTS OF THE INVESTOR.

A. The Investor will not sell or otherwise transfer the Interest without registration under the Securities Act or an exemption therefrom, and fully understands and agrees that it must bear the economic risk of its investment for an indefinite period of time (subject to limited rights of withdrawal provided in the Partnership Agreement) because, among other reasons, the Interest has not been registered under the Securities Act or under the securities laws of certain states and, therefore, cannot be resold, pledged, assigned or otherwise disposed of unless it is subsequently registered under the Securities Act and under applicable securities laws of such states or an exemption from such registration is available. The undersigned understands that the Fund is under no obligation to register the Interest on its behalf or to assist it in complying with any exemption from such registration under the Securities Act. The undersigned also understands that sales or transfers of the Interest are further restricted by the provisions of the Partnership Agreement and state securities laws. The undersigned understands that the Fund is not registered as an investment company under the Investment Company Act of 1940, as amended (the "Company Act"), in reliance upon an exemption from such registration.

B. The Investor has received and read a copy of the Memorandum and Partnership Agreement outlining, among other things, the organization and investment objectives and policies of, and the risks and expenses of an investment in, the Fund. The Investor acknowledges that in making a decision to subscribe for an Interest, the Investor has relied solely upon the Memorandum, the Partnership Agreement and independent investigations made by the Investor, and is not investing as a result of any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting, or any solicitation of a subscription by a person not previously known to the Investor in connection with investments in securities generally. The Investor understands the investment objectives and policies of, and the investment strategies which may be pursued by, the Fund. The Investor's investment in the Interest is consistent with the investment purposes and objectives and cash flow requirements of the Investor and will not adversely affect the Investor's overall need for diversification and liquidity. The Investor has not reproduced, duplicated or delivered the Memorandum or this Subscription Agreement to any other person, except for professional advisors to the Investor or as instructed by the General Partner. The Fund has given the Investor an opportunity to question the executive officers of the Fund. The Fund has made available to the Investor all documents requested by the Investor relating to the Fund. The Investor has carefully considered and to the extent it believes necessary, discussed with its professional tax, legal and financial advisors, the suitability of an investment in the Fund and has determined that such investment is suitable for it.

C. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of the Investor's investment in the Interest and is able to bear such risks, and has obtained, in the Investor's judgment, sufficient information from the Fund or its authorized representatives to evaluate the merits and risks of such investment. The Investor has evaluated the risks of investing in the Interest and has determined that the Interest is a suitable investment for the Investor. The Investor has not utilized any other person as a purchaser representative in connection with evaluating such merits and risks.

D. Investor acknowledges and understands that no indemnification provision of any kind, whether in this Subscription Agreement, the Memorandum, the Partnership Agreement, or otherwise, shall (1) limit the rights granted to Investor under the state and federal securities laws; or (2) be deemed to be a waiver of any unwaivable rights granted to Investor under the state and federal securities laws unless allowed by such laws.

E. The Investor can afford a complete loss of its investment in the Interest, can afford to hold its investment in the Interest for an indefinite period of time, and acknowledges that distributions, including, without limitation, withdrawal proceeds, may be paid in cash or in kind.

F. The Investor is acquiring the Interest subscribed for herein for its own account, for investment purposes only, and not with a view to distribute or resell such Interest in whole or in part. Investor further agrees that it will not create or participate in a swap or other similar instrument that is related, directly or indirectly, to its Interest in the Fund. Investor agrees not to engage in hedging transactions with respect to the Interest except as permitted under the Securities Act.

G. The Investor has a "substantive and pre-existing relationship" (consistent with, and as set forth and described under, relevant SEC No-Action Letters and Releases) with the General Partner, principals of the General Partner, and/or the lawful agents of the General Partner.

H. The undersigned will notify the General Partner in writing if the fiscal and tax year of the undersigned ends on any date other than December 31 of each year, and the undersigned will notify the General Partner in writing of any changes thereto.

I. If the undersigned is a partnership, it is not now and will not be organized or maintained for the purpose of subscribing to or further distributing the Interests which are the subject of this subscription. Substantially all of the value of any partner's interest in the undersigned is not attributable to the undersigned's interest in the Fund; and a principal purpose of the investment by the undersigned in the Fund is not to permit the Fund to satisfy the 100 partner limitation in Treasury Reg. Section 1.7704(h)(1)(ii).

J. The person making the investment decision on behalf of the Investor is independent of the General Partner and its affiliates. The Investor understands the method of compensation under the Partnership Agreement between the Fund and the General Partner, and:

(a) acknowledges that the Partnership Agreement does not constitute an arm's-length arrangement with respect to the receipt by the General Partner of any incentive allocation ("Incentive Allocation") from the Investor, and

(b) understands the Incentive Allocation and its risks, including that

(c) the Incentive Allocation may create an incentive for the General Partner to cause the Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made; and

(d) the General Partner may receive increased compensation since the Incentive Allocation will be calculated on a quarterly basis which includes unrealized appreciation.

K. The Investor understands that Securities and instruments for which market quotations are not available or are deemed to be unreliable, as determined in the sole discretion of the General Partner, will be valued by the General Partner, including at times at fair value (which may include cost), in its sole discretion, and the General Partner will not be obligated to seek an independent valuation. The Investor

understands that carrying certain illiquid investments at cost poses conflicts of interest and may not be consistent with U.S. generally accepted accounting principles or other industry accepted accounting standards.

L. The Investor acknowledges, understands and agrees that the General Partner has authority to allocate transaction costs to obtain research and investment management related and other services and equipment as set forth in the Memorandum.

M. The Investor understands that the General Partner may open "average price" accounts with broker-dealers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of the Fund and other clients or affiliates of the General Partner and its affiliates are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis.

N. The Investor understands, agrees, and is aware that:

1. although not necessarily consistent with generally accepted accounting principles or other industry accepted accounting standards, the General Partner will not be required to provide to Investor the Fund's portfolio holdings or, except as otherwise permitted in the Partnership Agreement, any related information pertaining thereto; and

2. the General Partner may disclose, in its sole discretion, any Fund information, including Fund holdings, to any person, including, but not limited to, Limited Partners and outside parties;

3. Investor will keep confidential, except as otherwise required by law, and not disclose or trade on any information received from the Fund, including, but not limited to, Fund holdings.

O. The Investor understands that the Fund will not register as an investment company under the Company Act, and that for purposes of the provisions of Section 3(c)(1) thereof, it does not presently propose to make a public offering of its securities within the United States and the interests may not be beneficially owned by more than 99 Investors. The Investor hereby certifies that:

- (1) it is holding the Interest for its own account and not for the account of any other person;
- (2) it is not an "investment company" as that term is defined under Section 3(a) of the Company Act nor is it an entity relying on Section 3(c)(1) or 3(c)(7) of the Company Act. If Investor is an "investment company" or an entity relying on Section 3(c)(1) or 3(c)(7) of the Company Act, the Investor hereby certifies and agrees that the General Partner may limit such Investor's purchase or, if applicable, additional purchase such that Investor will hold no more than 10% of the total outstanding Interests immediately after any such purchase is made;
- (3) it does not invest more than 40% of its total assets in the Fund;
- (4) it was not formed for the purpose of investing in the Fund, nor did or will the shareholders, partners or grantor, as the case may be, of the Investor entity contribute additional capital for the purpose of purchasing the Interest;
- (5) its shareholders, partners, beneficiaries or members are not permitted to opt in or out of particular investments made by the Investor, and each such person participates in all investments made by the Investor *pro rata* in accordance with its interest in the Investor;
- (6) it is not a participant-directed Plan; and

- (7) the Investor is not aware of any other circumstances that would require the Fund to treat it as more than "one person" for purposes of Section 3(c)(1) of the Company Act.

If any of these representations are not true, each beneficial owner of the Investor must sign his own subscription agreement.

P. If the Investor is a private investment fund (relying on sections 3(c)(1) or 3(c)(7) of the Company Act), then Investor hereby represents and warrants that it was not in existence on or before April 30, 1996.

Q. The Investor agrees and is aware that:

1. the Fund does not have a financial or operating history;
2. no Federal or state agency has passed upon the interests or made any findings or determination as to the fairness of this investment; and
3. there are substantial risks of loss of investment incidental to the purchase of the interest, including those summarized in the Memorandum.

R. The Investor has fully and accurately completed and delivered to the Fund Internal Revenue Service ("IRS") Form W-9, which is attached hereto as Appendix A. The Investor will promptly inform the General Partner in the event of any change in such information, including if the Investor ceases to be a United States person, and will execute and deliver to the Fund any new forms requested by the General Partner, as applicable.

S. The execution, delivery and performance by the Investor of this Subscription Agreement are within the powers of the Investor, have been duly authorized by all necessary corporate or other action, if any, and will not constitute or result in a breach or default under, or violate or conflict with, any order, ruling or regulation of any court or other tribunal or of any governmental commission or agency or self-regulatory organization, or any agreement or other undertaking, to which the Investor is a party or by which the Investor is bound, and, if the Investor is not an individual, will not violate any provisions of the incorporation papers, by-laws, indenture of trust or partnership or operating agreement, as may be applicable, of the Investor. The signature on this Subscription Agreement is genuine, and, if the Investor is an individual, the signatory has legal competence and capacity to execute the same, or, if the Investor is not an individual, the signatory has been duly authorized to execute the same, and this Subscription Agreement constitutes a legal, valid and binding obligation of the Investor, enforceable in accordance with its terms.

T. Investor understands that Holland & Knight LLP and Maples and Calder act as counsel to the Fund, Master Fund, General Partner, and/or Investment Manager. Holland and Knight LLP and Maples and Calder do not represent the holders of interests as investors in the Fund. Holland & Knight LLP and Maples and Calder's representation has been limited to specific matters addressed to them. No investor shall assume that Holland & Knight LLP or Maples and Calder have undertaken an evaluation of the merits of an investment in the Fund. In connection with this private offering of interests and subsequent advice to the Fund, Holland & Knight LLP and Maples and Calder will not be representing investors in the Fund; no independent counsel has been retained to represent investors. Holland & Knight LLP and Maples and Calder's representation of the Fund, Master Fund, General Partner, Investment Manager and/or their respective affiliates is limited to specific matters as to which they have been consulted by the Fund, Master Fund, General Partner, Investment Manager and/or their respective affiliates. There may exist other matters which could have a bearing on the Fund, Master Fund, General Partner, and/or Investment Manager or their respective affiliates as to which Holland & Knight LLP and Maples and Calder have not been consulted. In addition, Holland & Knight LLP and Maples and Calder do not undertake to monitor the compliance of the Investment Manager and their affiliates with the

investment program, valuation procedures and other guidelines set forth in the Memorandum, nor do they monitor compliance with applicable laws. In preparing this Memorandum, Holland & Knight LLP and Maples and Calder rely upon information furnished to them by the Fund, Master Fund, General Partner, and/or Investment Manager, and do not investigate or verify the accuracy and completeness of information set forth therein concerning the Fund, Master Fund, General Partner, and/or Investment Manager or their affiliates and personnel.

U. Investor acknowledges that due to anti-money laundering requirements, the Fund may require further identification of the Investor before this Subscription Agreement can be processed or subscription monies accepted or redeemed. Investor hereby confirms that the Fund and its agents are each authorized and instructed to accept and execute any instructions in respect of the Interest to which this Subscription Agreement relates given by Investor by facsimile. If instructions are given by Investor by facsimile, Investor undertakes to forward the original immediately by mail to the Fund. Investor hereby indemnifies the Fund and its agents and agrees to hold each of them harmless and keep each of them indemnified against any loss of any nature whatsoever arising to each of them as a result of any of them acting on facsimile instructions or resulting from any delay caused by the procedures described above. The Fund and its agents may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instructions, or other instrument believed, in good faith, to be genuine or to be signed by properly authorized persons.

The Investor understands, acknowledges, represents and agrees (i) that the acceptance of this Subscription Agreement together with the appropriate remittance will not breach any applicable money laundering rules or regulations, and (ii) to promptly provide to the General Partner documentation verifying its identity. The Investor understands, acknowledges, represents and agrees that many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively "Requirements") and the Fund could be requested or required to obtain certain assurances from the Investor, disclose information pertaining to it to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. The Investor understands, acknowledges, represents and agrees that it is the Fund's policy to comply with Requirements to which it is or may become subject and to interpret them broadly in favor of disclosure. The Investor hereby agrees, and by reason of owning any Interests will be deemed to have agreed, that the Investor will provide additional information or take such other actions as may be necessary or advisable for the Fund to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. The Investor hereby consents, and by reason of owning any Interests will be deemed to have consented, to disclosure by the Fund and its agents to relevant third parties of information pertaining to the Investor in respect of Requirements or information requests related thereto.

V. The Investor, if a natural person, (i) has not had any of its assets blocked under the list of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control ("OFAC"), U.S. Presidential Executive Order 13224, Financial Action Task Force on Money Laundering's ("FATF") list of non-cooperative jurisdictions, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") advisory list, or any other sanction, regulation or law promulgated by a U.S. governmental entity or intergovernmental group organization of which the U.S. is a member (such lists and laws, together with any supplement or amendment thereto, the "U.S. Sanction Laws")¹ and (ii) has not been identified by the U.S. Government as a person whose assets are blocked under the U.S. Sanction Laws.

¹ OFAC's list may be found at <http://www.treas.gov> Executive Order 13244 may be found at <http://www.treas.gov>, FATF's list of non-cooperative jurisdictions may be found at http://www.loecd.org/fatf/nccet_en.htm, and the FinCen advisory list may be found at www.occ.treas.gov.

W. The Investor, if an entity, represents and warrants that no party which either (i) has had any of its assets blocked under the U.S. Sanction Laws, or (ii) has been identified by the U.S. Government as a person whose assets are blocked under the U.S. Sanction Laws, has any beneficial interest in the Interests being acquired.

X. The Investor acknowledges and understands that the General Partner, in its discretion, may decline to accept any subscription for the Interests by a person who is a "Covered Person" within the meaning of the Guidance on Enhanced Scrutiny for Transactions that May Involve the Proceeds of Foreign Official Corruption, issued by the Department of the Treasury, et al., January 2001, e.g., a senior foreign political figure or an immediate family member or close associate of a senior foreign political figure. A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. Accordingly, the Investor agrees to inform the General Partner, prior to the acquisition of any Interests, if the Investor is aware of any facts or circumstances that would reasonably be expected to lead the Investor to believe that any investors in the Investor or any person controlling, controlled by, or under common control with the Investor, or for whom the Investor is acting as agent or nominee in connection with the acquisition of the Interests, is a Covered Person.

Y. The Investor either is not required to be registered with the Commodity Futures Trading Commission (the "CFTC") or to be a member of the National Futures Association (the "NFA"), or, if so required, is duly registered with the CFTC and is a member in good standing of the NFA.

Z. By executing this Subscription Agreement, the Investor is not in violation of (i) the media multiple or cross-ownership rules set forth in 47 C.F.R. § 73.3555, or (ii) the restrictions on ownership or participation in broadcast licensees by aliens imposed by Section 310(b) of the Communications Act of 1934, as amended, or the policies and decisions of the Federal Communications Commission thereunder, or (iii) the Federal Communications Commission's policy preventing any individual, partnership, corporation, trust, limited liability company, or other entity from having "meaningful" cross-interests in certain broadcast station combinations, newspaper/broadcast station combinations, or cable system/television station combinations serving the same market in situations where such combinations would violate the media multiple or cross-ownership rules set forth in 47 C.F.R. § 73.3555 if all such interests were attributable under the Federal Communications Commission's ownership attribution in 47 C.F.R. § 73.3555.

IV. GENERAL.

A. The Investor agrees to indemnify to the fullest extent permitted by law, defend and hold the General Partner and its affiliates, officers, directors, shareholders, and, in the sole discretion of the General Partner, its agents, employees, advisors, counsel and consultants, and the Fund's affiliates, officers, employees, agents, advisors, counsel and consultants (each an "Indemnified Party") harmless from and against any loss, liability, damage, cost or expense, including, but not limited to, attorneys' fees, fines, settlements and liabilities of the Indemnified Party, in defense of any demands, claims or lawsuits against the Indemnified Party, in or as a result of or relating to its or their capacity, actions or omissions as General Partner or as an officer, director, shareholder, agent, employee, advisor, counsel or consultant, resulting from or relating to any actual or alleged misrepresentation or misstatement of facts, or omission to represent or state facts, made by the Investor to the Fund in connection with the offer and sale of the interests in the Fund.

B. The Investor, as principal, hereby appoints the General Partner as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign, acknowledge, swear to and file.

1. any Partnership certificate, business certificate, fictitious name certificate, amendment thereto, or other instrument or document of any kind necessary or desirable to accomplish the business, purpose and objectives of the Fund, or required by any applicable Federal, state, local or foreign law;

2. the Partnership Agreement of the Fund and any amendment duly approved as provided therein; and

3. any and all instruments, certificates and other documents which may be deemed necessary or desirable to effect the winding-up and termination of the Fund (including, but not limited to, a Certificate of Cancellation of the Partnership Certificate).

This power of attorney is coupled with an interest, is irrevocable, and shall survive and shall not be affected by the subsequent death, disability, incompetency, termination, bankruptcy, insolvency or dissolution of the Investor; *provided, however*, that this power of attorney will terminate upon the substitution of another Investor for all of the Investor's investment in the Fund, upon the withdrawal of the Investor from the Fund, or upon the redemption of all of the Interest owned by the Investor.

C. If any provision of this Subscription Agreement is invalid or unenforceable under any applicable law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such applicable law. Any provision hereof which may be held invalid or unenforceable under any applicable law or in any particular instance shall not affect the validity or enforceability of any other provisions hereof or of such provision in any other instance, and to that extent the provisions hereof shall be severable.

D. No waiver by any party of any breach of any term of this Subscription Agreement shall be construed as a waiver of any subsequent breach of that term or any other term of the same or of a different nature.

E. This Subscription Agreement and the rights, powers, and duties set forth herein shall bind and inure to the benefit of the heirs, executors, administrators, legal representatives, successors, and assigns of the parties hereto.

F. This Subscription Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

G. This Subscription Agreement shall be deemed to have been made under, and shall be governed by and construed in accordance with, the internal laws of the State of Delaware, as the same may be amended from time to time (excluding the laws thereof which may require the application of, or reference to, the law of any other jurisdiction).

V. TRUSTEE, AGENT, REPRESENTATIVE OR NOMINEE.

If the Investor is acting as trustee, agent, representative or nominee for a subscriber (a "Beneficial Owner"), the Investor understands and acknowledges that the representations, warranties and agreements made herein are made by the Investor *both* (A) with respect to the Investor *and* (B) with respect to the Beneficial Owner of the Interest subscribed for hereby. The Investor further represents and warrants that it has all requisite power and authority from such Beneficial Owner to execute and perform its obligations under this Subscription Agreement. The Investor also agrees to indemnify each of the Indemnified Parties (as defined in Section IV(A) of this Subscription Agreement) against any and all costs, fees and expenses (including legal fees and disbursements) in connection with any damages resulting from the investor's or such Beneficial Owner's misrepresentation or misstatement contained herein, or the assertion of the Investor's lack of proper authorization from such Beneficial Owner to enter into this

Subscription Agreement or perform its obligations hereunder. If the Investor qualifies as an accredited investor based solely on the status of its Beneficial Owners, then the Beneficial Owners shall also be responsible individually for any such indemnification obligation.

VI. ADDITIONAL INFORMATION AND SUBSEQUENT CHANGES IN THE FOREGOING REPRESENTATIONS.

The General Partner may request from the Investor such additional information as it may deem necessary to evaluate the eligibility of the Investor to acquire an Interest, and may request from time to time such information as it may deem necessary to determine the eligibility of the Investor to hold an Interest or to enable the General Partner to determine the Fund's compliance with applicable regulatory requirements or tax status, and the Investor shall provide such information as may reasonably be requested.

Each person acquiring an Interest must satisfy the foregoing both at the time of subscription and at all times thereafter until such person ceases to be a Partner of the Fund. Accordingly, the Investor agrees to notify the General Partner promptly if there is any change with respect to any of the foregoing information or representations and to provide the General Partner with such further information as the General Partner may reasonably require.

VII. ELIGIBILITY REPRESENTATIONS OF THE INVESTOR.

A. General:

Amount of Subscription : \$ 6 million

1. GRANSON FAMILY PARTNERSHIP L.L.P.
Type/Print Name of Investor

[REDACTED]
Tax ID or Social Security Number

ALBUQUERQUE
Inception Date / Date of Birth

Type/Print Name of Person, if Any, Exercising Investment Discretion for Investor (e.g. Trustee, Fiduciary, etc.).

Type of Investor(s) - Please check one:

- Individual
- Partnership or Limited Liability Company
- Corporation
- Trust
- Tenants In Common
- Joint Tenants
- Tenancy by the Entireties
- Other - Specify _____

2. _____
Type/Print Name of Co-Investor, if Any

Tax ID or Social Security Number

Inception Date / Date of Birth

Type/Print Name of Person, if Any, Exercising Investment Discretion for Co-Investor (e.g. Trustee, Fiduciary, etc.).

Is the intended investor an investment company, or a company that is excluded from the definition of investment company solely by reason of the provisions of either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, as amended? Yes No

If the answer to the question above is yes, please state the number of the intended investor's beneficial owners: _____

If investor is an entity, please state what percentage of such prospective investor's assets will be invested in the Fund at the time of purchase: ___%.

Are you a government plan or governmental investment account?

- No
- Yes (by checking "Yes", you are further certifying that you did not invest in the Fund via our placement agent or solicitor (if any)).

Are you: (1) an insured depository institution; (2) any company that controls an insured depository institution; (3) treated as a bank holding company under the Bank Holding Company Act, (4) defined as a banking entity under the Volcker Rule under Section 13 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule"), or (5) any subsidiary or affiliate of any of the foregoing entities?

- No
- Yes (by checking "Yes", you are further certifying that, after consultation with legal counsel, your investment in the Fund complies with the Volcker Rule and any related or other regulations applicable to you under relevant law, including, but not limited to, the Bank Holding Company Act)

The representations made herein shall be deemed made on each date from the date hereof through and including the date of which the Investor disposes of its interests.

Residence or Principal Place of Business Address: CLEARVIEW FINANCIAL PARTNERSHIP, L.L.P. N [REDACTED] Street ORLANDO, FL 32819 City, State, Zip Code* Attn: Tel: [REDACTED] Fax: [REDACTED] Email: [REDACTED]	Mailing Address, if different: Name Street City, State, Zip Code Attn: Tel: Fax: Email:
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*If Investor is not a resident of this state, please indicate state of which Investor is a resident _____

Send Communications to Home Business

ENTITY OR INDIVIDUAL STATUS REPRESENTATIONS: Please initial either (1) or (2), and complete all relevant blanks.

[REDACTED] (1) If the Investor is a corporation, partnership, trust or other legal entity, it is:

- organized under the laws of FLORIDA
- and has its principal place of business in: FLORIDA

OR

[REDACTED] (2) If the investor is an individual, or if beneficial ownership of the Investor is held by an individual (for example, an Individual Retirement Account or Keogh Plan), such individual is at least 21 years of age.

RESTRICTED PERSON STATUS: Please initial either (1) or (2).

[REDACTED] (1) The Investor is not a "restricted person" as defined in Appendix B.

OR

[REDACTED] (2) The Investor is a "restricted person" and, as such, acknowledges that the General Partner shall have the right to allocate any profits arising from "new issues" trades away from the Investor.

RESTRICTED INVESTOR STATUS:

Please answer questions (1) - (4) and, if applicable, question (5) below. If you cannot answer "No" to items (1) - (4) OR "No" to items (1) - (3) and "Yes" to both items 4 and 4a, then you will be deemed to be a restricted investor in the Fund (a "Restricted Investor") and may, unless you can answer "Yes" to one of

the items under question 5, not, in the sole discretion of the General Partner, be allocated more than 25% of some or all of the new issues allocated to the fund.

1. Is the Investor an executive officer or director of a "Public Company"?²
 No* Yes, the name of the Public Company is:

2. Is the Investor an executive officer or director of a "Covered Non-Public Company"?³
 No* Yes, the name of the Covered Non-Public Company is:

3. Is the Investor a person "materially supported"⁴ by an executive officer or director of a Public Company or a Covered Non-Public Company?
 No* Yes, the name of the Public Company or Covered Non-Public Company is:

4. Is the Investor a foreign or domestic account, company or investment fund in which persons included in any of paragraphs (1)-(3) have a "beneficial interest"?⁵
 No* Yes (please also answer item 4a immediately below this box)

4^a If "Yes", are such persons affiliated with the same Public Company or Covered Non-Public Company, in the aggregate (as to each such Public Company or Covered Non-Public Company), allocated NOT more than 25% of any profits or losses attributable to new issues received by the Investor?
 No Yes*

* NOTE: If you answered, "No" to items (1) - (4); OR "No" to items (1) - (3) and "Yes" to both items 4 and 4a, then you are NOT a Restricted Investor and may skip item 5 immediately below.

5. The Investor is exempt from Restricted Investor status because (check all that apply and if none apply, check item the last box below)
 an investment company organized under the laws of a foreign jurisdiction whose shares or units are either (i) listed on a foreign exchange and authorized for sale to the public or (ii) authorized for sale to the public by a foreign regulatory authority (and, in each case, not limited for sale to only high net worth individuals or other select investors) and where no person who owns more than 5% of the shares or units of the Investor is a Restricted Investor;

² A "Public Company" is any company that is registered under Section 12 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any company that files periodic reports pursuant to Section 15(d) of the Exchange Act.

³ A "Covered Non-Public Company" means any company (other than a Public Company) satisfying any of the following three criteria: (i) income of at least \$1 million in the last fiscal year or in two of the last three fiscal years and shareholders' equity of at least \$15 million; (ii) shareholders' equity of at least \$20 million and a two year operating history; OR (iii) total assets and total revenue of at least \$75 million in the latest fiscal year or in two of the last three fiscal years.

⁴ "Material support" means directly or indirectly providing more than 25% of a person's income in the prior calendar year. Persons living in the same household are deemed to be providing each other with material support.

⁵ The "beneficial interest" means any economic interest, such as the right to share in gains or losses. The receipt of a management or performance based fee for operating a collective investment account, or other fees for acting in a fiduciary capacity, is not considered a beneficial interest in the account. However, deferred fees that are subsequently invested in or by reference to a collective investment account constitute a beneficial interest in such account.

- an investment company registered as such under the U.S. Investment Company Act of 1940, as amended;
- a common trust fund, or similar fund as described in Section 3(a)(12)(A)(iii) of the Securities Exchange Act of 1934, as amended; provided that the fund has investments from 1,000 or more accounts and the fund does not limit its beneficial interests principally to trust accounts of Restricted Investors;
- an insurance company general, separate, or investment account; provided that the account is funded by premiums from 1,000 or more policyholders, or, if a general account, the insurance company has 1,000 or more policyholders, and the insurance company does not limit the policyholders whose premiums are used to fund the account principally to Restricted Investors, or, if a general account, the insurance company does not limit its policyholders principally to Restricted Investors;
- a publicly traded entity (other than a broker-dealer or affiliate thereof where such broker-dealer is authorized to engage in public offerings of new issues either as a selling group member or underwriter) that: (A) is listed on a national securities exchange; or (B) is a foreign issuer whose securities meet the quantitative designation criteria for listing on a national securities exchange;
- a state or municipal government benefit plan subject to state and/or municipal regulation;
- a U.S. Employee Retirement Income Security Act benefits plan that is qualified under Section 401(a) of the U.S. Internal Revenue Code, provided that such plan is not sponsored solely by a broker-dealer; or
- a tax-exempt charitable organization under Section 501(c)(3) of the U.S. Internal Revenue Code.
- None of the above exemptions from Restricted Investor status apply to Investor.

IMPORTANT ACKNOWLEDGEMENTS

(Please initial / sign as applicable)

Acknowledgement of Tax Aspects of Investment (For all Investors):

By initialing immediately below, Investor acknowledges that no legal or professional advice has been requested or obtained by the Fund concerning any of the tax aspects of this investment. By initialing below, Investor further acknowledges that such Investor (1) understands that any tax information contained in the Memorandum, Partnership Agreement, and/or this Subscription Agreement is of a general nature and that such Investor has not relied upon any of the tax information contained anywhere in such offering documents, and (2) will consult with and rely upon such Investor's own professional tax advisor regarding any federal, state and local tax consequences attributable to investing in the Fund.



(Initial)

Selling Agent Disclosure (For All Investors)

Please check one of the following and sign the Investor Acknowledgement:

- The Investor was not introduced to the Fund or General Partner by a selling agent
- The Investor was introduced to the Fund or General Partner by a selling agent, _____ (the "Selling Agent") If you checked yes to this box, you agree to the acknowledgements in the following two paragraphs; please also fill in the amount of any applicable Sales Load Fee (defined below).

1. The investor acknowledges that the Fund or the General Partner, pursuant to a selling agreement with the Selling Agent, may compensate the Selling Agent for so long as the investor remains a Limited Partner in the Fund.
2. With the consent of the investor, the Fund will remit a portion of the initial amount sent to the Fund to the Selling Agent, on behalf of the investor (the "Sales Load Fee"). The Sales Load Fee reduces the amount invested in the Fund by the investor. The amount of the Sales Load Fee to be remitted to the Selling Agent is _____.

INVESTOR ACKNOWLEDGEMENT

Authorized Signature



Date: 12/21/12

B. Accredited Investor Certification:

Please initial all appropriate spaces, indicating the basis upon which Investor qualifies as an Accredited Investor as defined in Regulation D under the Securities Act ("**Regulation D**").

For Natural Persons

1. Investor hereby certifies that it is an accredited investor because it is a person whose net worth, or joint net worth, with that person's spouse at the time of his purchase, exceeds \$1,000,000 (not including any equity in the primary residence of such person(s)).⁶
2. Investor hereby certifies that it is an accredited investor because it is a person who had an income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and who reasonably expects an income in excess of the same income level in the current year.⁷

For Corporations, Limited Liability Companies, or Partnerships

3. Investor hereby certifies that it is an accredited investor because it has total assets in excess of \$5,000,000 and was not formed for the specific purpose of making this investment.
4. Investor hereby certifies that it is an accredited investor because all of its equity owners are accredited investors under Regulation D. *Note: the General Partner, in its sole discretion, may request information regarding the basis on which such equity owners are accredited.*

For Trusts

9. Investor hereby certifies that it is an accredited investor because it is a trust with total assets in excess of \$5,000,000, it was not formed for the purpose of making this investment, and its investment in the Fund is directed by a "sophisticated person". *Note, as used in the foregoing sentence, a "sophisticated person" is one who has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment.*
10. Investor hereby certifies that it is an accredited investor because it is (i) a bank as defined in Section 3(a)(2) of the Securities Act, a savings and loan association, or another institution as defined in Section 3(a)(5)(A) of the Securities Act, (ii) acting in a fiduciary capacity, and (iii) acting on behalf of a trust account or accounts.
11. Investor hereby certifies that it is an accredited investor because it is (a) a revocable trust which may be amended or revoked at any time by the grantors thereof and all of the grantors are accredited investors or (b) an irrevocable grantor trust established for family estate

⁶ "Net worth" generally means the difference between the value of a person's assets and the person's liabilities. When determining net worth, Investor may exclude any mortgage or other debt secured by its primary residence that doesn't exceed the fair market value of such residence. But, if any mortgage or other debt secured by Investor's primary residence exceeds the fair market value of such residence, Investor must deduct the excess liability from Investor's net worth when determining its net worth hereunder. Notwithstanding the foregoing or any other statement herein, any increase in the amount of debt secured by the primary residence that is incurred in the 60 days before the sale of Interests in the Fund, must be included as a liability in Investor's net worth calculation, even if the estimated value of such Investor's residence continues to exceed the aggregate amount of debt secured by the residence; the inclusion of newly incurred mortgage indebtedness during the foregoing 60-day look back period will not apply if the new debt was incurred as a result of the acquisition of a primary residence.

⁷ For purposes of this Subscription Agreement, individual income means adjusted gross income, as reported for federal income tax purposes, less any income attributable to a spouse or to property owned by a spouse, increased by the following amount (but not including any amounts attributable to a spouse or to property owned by a spouse): (i) the amount received of any tax-exempt interest income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) the amount of losses claimed as a limited partner in a limited partnership as reported on Schedule E of Form 1040; (iii) any deduction claimed for depletion under Section 611 et seq. of the Code; (iv) amounts contributed to an Individual Retirement Account (as defined in the Code) or Keogh retirement plan; (v) alimony paid; and (vi) any elective contributions to a cash or deferred arrangement under Section 401(k) of the Code.

planning purposes to facilitate estate distribution, and the grantor (and trustee) thereof is an accredited investor who is taxed on the trust for at least the first 15 years following this investment, has investment discretion over the trust and bears full economic risk of the investment (which is subject to the grantor's creditors).

For Banks, Savings and Loans, and Similar Institutions

12. Investor hereby certifies that it is an accredited investor because it is a bank as defined in Section 3(a)(2) of the Securities Act acting in its individual capacity.

For Insurance Companies

13. Investor hereby certifies that it is an accredited investor because it is an insurance company as defined in Section 2(13) of the Securities Act

For Certain other Regulated Entities

14. Investor hereby certifies that it is an accredited investor because it is a broker, dealer, investment company, business development company, licensed small business investment company or private business development company (as such terms are defined under applicable sections of the Securities Act of 1933, Securities and Exchange Act of 1934, Investment Company Act of 1940, Investment Advisers Act of 1940, or Small Business Investment Act of 1958).

For the General Partner and Affiliates

15. Investor hereby certifies that it is an accredited investor because it is the General Partner, or an executive officer or director of the General Partner

Other

16. Investor hereby certifies that it is an accredited investor because (please explain). _____

Not an Accredited Investor

17. Investor is not an Accredited Investor.
Note: If you're not an Accredited Investor, you'll need the General Partner's consent (which may be withheld) and will need to answer supplemental questions regarding "sophistication".

C. Non-Foreign Status - Please initial either (1) or (2), and (4)

For U.S. Individuals

(Initial)

- (1) The Investor hereby certifies that it is not a nonresident alien for purposes of income taxation (as such term is defined in the Internal Revenue Code of 1986, as amended, and Income Tax Regulations promulgated thereunder).

For U.S. Entities

(Initial)

- (2) The Investor hereby certifies that it is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code of 1986, as amended, and Income Tax Regulations promulgated thereunder).

General - For All Investors

(Initial)

- (3) The Investor hereby agrees that if any of the information in this Item VII(C) changes, the Investor will notify the General Partner within 60 days thereof. The Investor understands that the information contained in this Item VII(C) may be disclosed to the Internal Revenue Service by the Fund and that any false statement contained in this item VII(C) could be punished by fine, imprisonment or both.

SIGNATURE PAGE

IN WITNESS WHEREOF, the Investor has executed this Subscription Agreement as of the date set forth below, and with respect to the information disclosed in Item VII(CD) of this Subscription Agreement, has executed this Subscription Agreement under penalties of perjury.

Date: DECEMBER 21, 2013

For Individual Investors:

Investor's Signature

(Please Type Investor's Name)

State / Country in which documents were signed

IF APPLICABLE:

Co-Investor's Signature

(Please Type Co-Investor's Name)

State / Country in which documents were signed

For Investors other than Individuals:

GRAYSON FAMILY PARTNERSHIP, L.L.P.

(P) _____

By _____

ALAN GRAYSON

Please Type Name of Signatory)

Title: GENERAL PARTNER

FLORIDA, USA

State / Country in which documents were signed

OTHER AUTHORIZED SIGNORS, IF ANY:

Name: _____

Title: _____

Tax ID Number: _____

Date of Birth: _____

Address (Physical Residence or Principal Place of Business): _____

Telephone #: _____

Fax #: _____

E-mail: _____

Name: _____

Title: _____

Tax ID Number: _____

Date of Birth: _____

Address (Physical Residence or Principal Place of Business): _____

Telephone #: _____

Fax #: _____

E-mail: _____

FOR USE BY THE ADMINISTRATOR AND/OR FUND ONLY

Comments: _____

Date and Time Received (REQUIRED): _____

For Fund Use Only

Do not write below this point

Pursuant to the Limited Partnership Agreement of The Grayson Fund, LP (the "Fund"), the subscription of CLAYSON FUND PARTNERSHIP, LLC in the Fund is hereby accepted in the amount set forth below and the investor is hereby admitted as a Limited Partner in the Fund as of DECEMBER 24, 2015.

THE GRAYSON FUND, LP

By: The Grayson Fund General Partner, LLC
as General Partner

Accepted Subscription Amount:

\$ 6,000,000

By:

Name: CLAYSON FUND, LP