

Audit

10/8

①

3:00 Called to Order

Minutes

✓ Paulo

✓ Mend

Earning Update - Rich

~~43~~ Security

[See pros]

✓ Non-security

✓ A2X

✓ EBS

✓ Strategy

• NPW - lack of liquidity

8X in final stage

- More impairment of NPW possible;

Watchful of liquidity

• Repton - Priority discussed

- Judges important in certain vehicles

- Primary call = ENE stock, @ INE

inadequate coll. sol. = Repton

³²⁰ NPW, AVEI & Catalysts - 3 key row. ↓

- Lost equity; shut down Repton.

- Losses from

Day - 2nd (and to LTM) most contentious rehell

LTM = eq holder in LTM

confusion over Audging

inc losses

GOVERNMENT
EXHIBIT
4609
Crim No. H 04-0025

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(2)

Paulo -

Rich C. Underlying coll. = ENR etc.

Raptor purpose = hedge illiquid inv.

Set up 1 1/2 yrs ago

Highly structured, successful ventures

Pressure from ENR etc. ↓

Combo of minister noise & credit
shortfall = shutting down Raptor

Buy - Analogy to bank & TRS

Value to bank = ENR etc. Bank had
no credit capacity.

Conroy - AA review of Raptor acctg. conclusions.

Confident in conclusions?

2-3 wks to look @ acctg. - all pt. to same
conclusion - Proper statement of income & equity.

Duncan - Highly structured. Approp acctg. Recent
Review. Confidence in Raptor

1) #'s correct? YES

2) Timing correct? YES

Subj. to impairment.

Jardiche - will review 4 Bd this evening. No action req'd

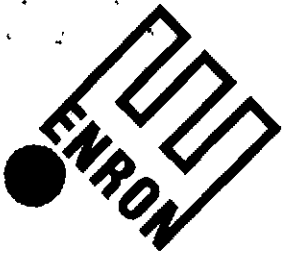
Conroy - (73) reported EPS 50.

*FW Blek - Wants discussion of lesson learned in Raptor.

[See p 2 - 30 earnings]

[See p 3 - Reserve discussion]

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Blake - Δ in EES reserved

- Rick - Close scrutiny; some adj. needed; reserving heavily for potential Fleet-to-actual adj.

F-to-A? When book liquidates

Wholesale - Refined process

Retail - Less refined lot of work to properly capture deals

Blake - Was comp. adjusted for EES structure of ↑ reserves? Jay - Yes

Paulo - Were earning 50% reserve reserved?

Rick - About 1/3

\$ 290 MM - So Cal basis valuation / pricing

ENA 6M #1.3 billion, v. NI of \$ 646 MM

EES & buying deal reserve

Whalley - Incremental business

↑ reserve for direct access in Calif ↓ econ. uncertainty

Canny

- Need better EES infrastructure to improve

- New business 4 heavy reserved

Bauer - 2Q - Co has effort underway to improve infrastructure 1/4 by monitoring, improvement; ways to go

