MEMORANDUM FOR THE RECORD – MFR

EVENT: Interview of Lloyd Fass

TYPE OF EVENT: Group Interview

DATE OF EVENT: October 5, 2010

TEAM LEADER(s): Peter Kavounas

LOCATION: via Telephone

**PARTICIPANTS/ NON-FCIC**: Fass

**PARTICIPANTS/FCIC**: Kavounas

MFR PREPARED BY: Kavounas

DATE OF MFR: November 22, 2010

**This is a paraphrasing of the interview dialogue and is not a transcript and should not be quoted except where clearly indicated as such.**

**SUMMARY OF INTERVIEW & SHORT BIO OF INTERVIEWEE :**

**Lloyd is the General Counsel for Vertical Capital. He has had numerous conversations with the FCIC as he has offered to assist us in any way he can. This “interview” was actually a phone conversation discussing the FCIC’s expectations of the 2nd Request for Production sent to him on September 29, 2010. Kavounas and Fass discussed the production generally, and then specifically about prioritizing the production.**

Kavounas: I just wanted to touch base with you to see if I could clarify any of the interrogatories we submitted in our most recent request.

Fass: Great. Thank you for calling. Where should we focus?

Kavounas: Well, I realize that you guys have been very helpful in our investigation and have produced a lot of information answering almost every question we have asked. That has been very helpful and now our focus is on, specifically, how collateral was chosen or selected for the CDO deals

Fass: Well, we were never a “rent-a-manager”. We actually chose our own collateral. We were never given a portfolio by an underwriter and asked to manage it. We actually managed our own portfolios and chose the collateral. We would go out to the market and see what brokers had and would select assets based on what fit our portfolio. Usually, we had several counter-parties. We were never given a set of parameters from an underwriter. We made the managerial decisions regarding the selection of the collateral

Kavounas: That’s great. I have never heard of a rent-a-manager, but I am going to use it all the time now.

Fass: Sure.

Kavounas: When do you think you might be able to get us some of the production?

Fass: I am planning on being able to produce the list of CDOs with fee structures by the end of this week, and then the rest on a rolling…

Kavounas: a rolling basis is fine. If we just have some of the information to start, I can certainly work with you over the next few days to determine how much detail we need moving forward. We may want some detail on the modeling that you employed. Perhaps some trade tables.

Fass: That is no problem, I will just have to make sure we have all of that in some sort of format that can be transmitted.

Kavounas: Great.

Fass: Great.

Kavounas: Well, Mr. Fass, thank you so much for your time. Let me know if you need anything else, or any guidance as you begin to produce documents and responses to the interrogatories.

Fass: I will. Thank you.