

Re: thoughts 1

**Subject:** Re: thoughts 1  
**From:** "Matt Tannin" <matt.tannin@gmail.com>  
**Date:** Thu, 23 Nov 2006 12:48:17 -0500  
**To:** matt.tannin@gmail.com

On 11/21/06, Matt Tannin <matt.tannin@gmail.com> wrote:

I just signed up for gmail. I am going to use this to keep my diary. I didn't want to use my work email any more.

So today is Tuesday November 21, 2006. I can't begin to think about how many times I've thought about getting back to keeping a diary. It has been almost a year since I've last seen Sabe - and much longer since I've written in my diary. So much has changed and so much has stayed the same.

This has been another full year. Last year at this time I was feeling anxious about how the Fund was going and feeling anxious about what the new year would bring. I was worried about our returns not being good enough - and worried that investors would pull their money. Well, that didn't happen. I was made Senior Managing Director - the Fund performed ok - I made close to \$2mm in salary - and, beginning in about January 2006 I was pretty active and aggressive about my role in the fund. It was a very successful first half of the year. I organized the entire Barclay's leverage facility. I arranged for the West LB loan, I kept many many investors in the Fund. Things were going great. In the early summer I went to California and spent time with both Michael Feiner and Gordon Kunin and was feeling great. I went to Europe in July and spent a week on the road.

I came back to Bear at the end of July and worked to get the Leveraged Fund closed. The closing process was not as smooth as it could be - but it never is. THEN SOMETHING HAPPENED.

I can almost remember the day. It was when I went to see John Geissinger to speak about what the limits were going to be for the Leveraged Fund. I had never reviewed myself what the working capital limits of the leveraged fund would be - and I was scared to see - or possibly see - that we could not run the leverage as high as I had thought we could - or to see that in an extreme event - we could blow up.

As I sat in John's office I had a wave of fear set over me - that the Fund couldn't be run the way that I was "hoping." And that it was going to subject investors to "blow up risk."

I was also concerned - or worried - about the fact that we were not in compliance with the portfolio limitations we had agreed to with Barclays. I was also worried about the fact that I had not set up a system to monitor compliance with the Barclays limits.

This all hit me like a ton of bricks - and the first result - almost immediately - was for me to lose my ability to sleep. Classic anxiety. I could not sleep. I would wake up an hour or two after going to be (and this first happened at Manny and Rita's). My mind would be focused on all of the things that I had not done and all of the things that could have gone wrong. This was the first week of July.

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And I wasn't sleeping - and I was beginning to feel depressed.

I will write more about this and more about our trip, at the end of

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the summer, to Canada - which I also didn't like - and where I was also depressed

Let me try and describe my mental state: I was incredibly stressed. It is a stange thing to be sitting here now and refelct back about the stress. Why was I stressed? I became very very worried very quickly. I was worried about not having done as good a job as possible on the set up of the Barclays thing. I was also stressed about the whole regulatory thing. I felt responsible for the mistake - because in hindsight it seems so obvious that this is something we should have been doing better. I was also very nervous about the state of the market and how we were going to cointinue to perform and about what the overall strategy was going to be. Spreads are tight and credit is only deteriorating. I was worried that this would all end badly and that I would have to look for work. Looking for work means

I'll continue later

It is now later, Thanksgiving 2006. So here I'm replying to the message above so I can keep going.

My moods are pretty good. But let me review.