

From: Hirshon, Sheldon <SHirshon@proskauer.com>
Sent: Sunday, September 21, 2008 1:25 PM
To: erosen@cgsh.com
Cc: lthompson@dtcc.com; imontal@dtcc.com; mwithkin@dtcc.com; npoulos@dtcc.com
Subject: Fw: Account Transfer

Ed - here is the email from Phil sending his email to the counsel to the SIPC trustee yesterday at 4:10 pm.

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Sent from my BlackBerry

----- Original Message -----

From: PMindlin@WLRK.com <PMindlin@WLRK.com>
To: Hirshon, Sheldon
Sent: Sun Sep 21 09:58:38 2008
Subject: FW: Account Transfer

From: Mindlin, Philip
Sent: Saturday, September 20, 2008 4:10 PM
To: 'Kiplok, Christopher'
Cc: Giddens, James W.; KCAPUTO@sipc.org; Novikoff, Harold S.
Subject: Account Transfer

Chris -

In view of the appointment of a SIPC trustee for LBI, the expected sale of much of the businesses and assets of LBI to Barclays effective tomorrow night, JPMorgan having learned (last night, in court) that Barclays is not intending to purchase any of the securities held by JPMorgan in LBI accounts and the disclosure to JPMorgan in court last night that LBI is not intending to assume any of JPMorgan's OTC contracts with LBI (FX, securities lending, etc.), JPMorgan must lock-down the LBI accounts at JPMorgan against all automatic inflows and outflows of cash, securities and other property. The cash, securities and other property in those accounts are collateral for LBI's obligations to JPMorgan in respect of substantial overdraft, OTC contract termination and other liabilities, and the lock-down is necessary to prevent commingling or loss of the collateral and the potential for additional overdrafts.

JPMorgan is in the process of reconciling the transactions in the accounts, completing close-outs and applying collateral. When possible to do so, JPMorgan will provide the relevant information to the SIPC trustee.

In the interim, JPMorgan is prepared to respond to specific instructions from the SIPC trustee with respect to the property in the accounts. We will obtain the name of the appropriate contact at JPMorgan if desired.

Phil

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