BEFORE THE

Federal Communications Commission

WASHINGTON, D. C. 20554

In re Application of	)	
	)	
BERNARD DALLAS LLC	)	
	)	
and	)	
	)	
PRINCIPLE BROADCASTING NETWORK-DALLAS LLC	)	
	)	
For Assignment of License of KFCD(AM), Farmersville, Texas	)	File No. BAL-20072006ABA Facility ID # 43757
	)	
For Assignment of License of KHSE(AM), Wylie, Texas	)	File No. BAL-20072006ABB Facility ID # 133464

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TO: Honorable Marlene H. Dortch
Secretary of the Commission

ATTN: The Commission

PETITION FOR LEAVE TO FILE SUPPLEMENT AND SUPPLEMENT TO APPLICATION FOR REVIEW

David A. Schum, on behalf of himself and fellow petitioners, J. Michael Lloyd, Frank D. Timmons, Carol D. Kratville, Brian M. Brown, Robert E. Howard, Edwin E. Wodka, John W. Saunders and Richard J. Drendel (Petitioners), hereby respectfully submits this Petition for Leave to File Supplement and a Supplement to the pending "Application for Review" filed on June 19, 2009 appealing the letter ruling of the Chief, Audio Division, Media Bureau dated and released February 19, 2008, 23 FCC Rcd 2642, denying Petitioners' "Petition to Deny" against the above-captioned applications

related to AM Broadcast Stations KFCD, Farmersville, Texas (KFCD) and KHSE, Wylie, Texas (KHSE). In addition to the facts and arguments already presented by Petitioners, there are newly discovered facts which require the Commission to vacate the grant of the above-captioned application and to dismiss or deny it or designate it for hearing. In so doing, the following is shown:

Petition for Leave to File Supplement

It is our understanding that a party may seek leave to file a supplement where new information has materialized since the last time the party had an opportunity under the FCC's rules to present information in a pleading recognized by the FCC's Rules. The Petitioners' last had an opportunity to file a pleading in June, 2009, over two years ago. The public interest, convenience and necessity would be well served by a consideration of the new information presented in this document. Therefore, we respectfully seek leave to file this Supplement.

New Information

***Failure to Disclose Full Ownership of Assignor and Failure to Disclose Foreign Ownership* - 47 U.S.C. §310(a-b)**

It has been Petitioners' position from the outset that Bernard Dallas LLC (Bernard) has failed to demonstrate that it is a basically qualified licensee because Bernard has refused to disclose its ownership to the Commission or to the public. In the Form 314 application filed in 2006, Bernard disclosed only one principal, Daniel Bernard Zwirn, who is represented to own 1 percent of the equity interests of Bernard. Bernard has intentionally withheld disclosing the other 99% of its ownership classifying them as "insulated." It is now clear what they have been hiding for the past five years -

almost 60% of the entities with an attributable interest are foreign (Offshore). Zwirn has no incentive to disclose the truth as they have been illegally collecting LMA fees on the radio licenses for the past five years – fees that they were not and are not currently legally entitled to.

1. **Offshore Proxy**

On June 1, 2009, Daniel B. Zwirn and the company he operated D.B. Zwirn & Co., L.P. (collectively referred to as Zwirn) were replaced as investment managers of D.B. Zwirn Special Opportunities Fund, L.P. (referred to as the "Onshore" fund) and D.B. Zwirn Special Opportunities Fund, Ltd. (referred to as the "Offshore" fund) as well as other funds and affiliates they managed.

Attached to this filing as Exhibit A are excerpts from a proxy letter dated May 5, 2009 and signed by Gary C. Linford and Allison B. Nolan, Directors, of D.B. Zwirn Special Opportunities Fund, Ltd. The proxy letter is 142 pages long making it impractical to attach in its entirety – a copy of the entire letter is available should the commission feel it is necessary. The proxy letter was distributed to the shareholders of the "Offshore" fund. As the proxy details in the last paragraph of page ii, the Offshore shareholders and the Onshore partners were requested to vote for or against the removal of Zwirn as manager of Offshore, Onshore and all affiliates. The shareholders and partners were to decide if Zwirn was to be replaced with Fortress Investments Group LLC (Fortress). Zwirn firmly expressed it did not want to be replaced but the majority of both the Offshore shareholders and the Onshore partners wanted him out, exercised their control and voted to remove him.

In previous FCC filings, we provided a form Zwirn filed with the Security and Exchange Board of India indicating the Offshore fund represented over 58% of the Zwirn funds per asset amount. This percentage far exceeds the FCC allowable foreign ownership percentage of 20% or 25%.

The purpose of replacing Zwirn was to liquidate the Offshore and Onshore hedge funds Zwirn managed. At the time it was reported investors had requested account withdrawals in excess of $2,000,000,000 – the withdrawal requests were not granted on a timely basis. It was well known at the time the Security Exchange Commission (SEC) was involved in an investigation of Zwirn due to accounting irregularities and improper valuation of assets. This SEC investigation has been brought to the attention of the FCC in our prior filings but has not been disclosed to the FCC by Zwirn.

In the last paragraph of page 13 of the Offshore proxy it is stated: "As a condition of the Closing, Daniel Zwirn, DBZCO's founder, Managing Partner and Chief Investment Officer ("CIO"), will resign from all offices and directorships with the Funds and their affiliates." This is the same Daniel Bernard Zwirn that was the sole non "insulated" individual identified in the FCC ownership forms representing less than 1% equity ownership. **In reality, the "insulated" and non disclosed equity holders in the Zwirn funds were actually in control of the management and the funds and exercised that control against Zwirn's wishes when they voted to remove Zwirn and replace them with Fortress effective June 1, 2009.**

Additionally, in May, 2009, just prior to Zwirn's removal as manager of Onshore, Offshore and all affiliates, Zwirn filed FCC form 316 transferring control of the radio licenses to yet another company called RL Transition Corp. This transfer was

represented to the FCC as pro forma with Zwirn alleging that Zwirn was in control of the former listed owner, Bernard Dallas LLC and alleging that Zwirn is in control of the new owner, RL Transition Corp. No equity ownership is listed on the form for RL Transition Corp. although in a footnote, the equity ownership is attributed to D.B. Zwirn Special Opportunities Fund, L.P. – the hedge fund that Daniel Zwirn has been removed from as manager and that no longer exists.

Furthermore, currently, the legal status is unknown of the following entities originally listed by Zwirn on the FCC Ownership form 316:

D.B. Zwirn Special Opportunities Fund, L.P.

D.B. Zwirn & Co., L.P. ("a now defunct investment advisor" – as per the SEC)

DBZ GP, LLC

Zwirn Holdings, LLC

Bernard Dallas, LLC

Bernard Radio, LLC presumably renamed Rocklynn Radio, LLC

What is evident is that Highbridge/Zwirn Special Opportunities Fund, L.P. loaned money to The Watch, Ltd. who owned the license for KFCD (Farmersville, Texas) and the construction permit for KHSE (Wylie, Texas) on February 5, 2004. Shortly thereafter, Highbridge/Zwirn Special Opportunities Fund, L.P. changed its name to D.B. Zwirn Special Opportunities Fund, L.P. In May 2005, Zwirn forced The Watch, Ltd. into bankruptcy when they tried to take control of the licenses through appointment of a receiver in a Texas State Court. D.B. Zwirn Special Opportunities Fund, L.P. was the "winning" bidder at the bankruptcy auction for the licenses. D.B. Zwirn Special Opportunities Fund, L.P. represented to the bankruptcy court that as an entity, they

were qualified to own FCC licenses. Two of the officers Zwirn, David Lee and Steven Campbell, both testified under oath, in hearings separated by over one year, to the bankruptcy court that Zwirn did not have more than the allowed 20% or 25% foreign ownership. D.B. Zwirn Special Opportunities Fund, L.P. is the only equity owner listed on the FCC ownership reports for the licenses. Daniel B. Zwirn is the only person listed on the ownership report as all others are not disclosed and classified as "insulated." Daniel Bernard Zwirn is no longer associated with D.B. Zwirn Special Opportunities Fund, L.P. as he was voted to be replaced by the "insulated" shareholders (Offshore) and partners (Onshore). The only equity owner ever listed, D.B. Zwirn Special Opportunities Fund, L.P. no longer exists and Daniel Zwirn was removed on June 1, 2009.

2. **The SEC Lawsuit**

The SEC has completed their investigation of Zwirn and on April 8, 2011 the SEC filed a lawsuit (Exhibit B) in Federal Court in the state of New York against Perry Gruss, the former Chief Financial Officer of Zwirn, alleging that over a two year period Gruss made improper transfers of over $850,000,000 from the Offshore Fund to the Onshore Fund. According to paragraph 14 of the SEC lawsuit "DBZCO's Onshore Fund faced a chronic cash shortage." Gruss does not deny the transfers took place, points out that the partnership agreement allows the transfers and that the SEC cannot allege fraud on the Offshore fund as they have no jurisdiction to since Offshore is a foreign entity. In the lawsuit, the SEC alleges Perry Gruss did the transfers without upper management's, including Daniel Zwirn's, knowledge from March, 2004 until July, 2006. The Offshore proxy (Exhibit A) claims in the last paragraph on page 33 that Offshore

transfers "to the Onshore Fund as early as January 1, 2004" had occurred. Counsel for the SEC has informed Schum that any evidence that they have in the Gruss case would be provided to the FCC upon request by the FCC.

The Watch, Ltd. loan from Zwirn was funded on February 4, 2004, the DIP loan from Zwirn to The Watch, Ltd. debtor in possession was funded during 2005 and early 2006 - Zwirn has refused to provide an accounting of the DIP loan so exact dates and amounts are uncertain - and LMA payments were made by Zwirn to The Watch, Ltd. debtor in possession from January 2006 through January 2007. All of these financial transactions occurred during the time period in which Zwirn was being funded by the foreign Offshore Fund.

Once again, Daniel B. Zwirn is listed as the sole person in control of the radio licenses including their finances with the FCC on multiple filings despite the fact he had less than 1% of the equity. Concurrently, Daniel Zwirn claimed to the SEC he had no knowledge the Onshore Fund was being funded with over $850,000,000 by the Offshore Fund over the two year period during which:

1. The loan to The Watch, Ltd. was funded
2. Zwirn took control of the licenses in the bankruptcy court
3. The DIP loan was funded
4. Zwirn's application to the FCC for transfer of the licenses was submitted
5. LMA payments were made to The Watch, Ltd. from Zwirn

The Offshore and Onshore equity owners have never been disclosed to the FCC. The relationship between the Offshore and the Onshore funds has never been disclosed to the FCC. Zwirn, their attorneys and Fortress have deliberately refused to

disclose this information to the FCC. **As it turned out, the "insulated" parties and non disclosed equity holders in the Zwirn funds were in control of the finances of the funds and Zwirn was not.**

3. **The Convicted Felon Shareholder**

Jeffrey Epstein is reportedly one of the early and large shareholders in the Zwirn Offshore Fund. Epstein is a convicted sex offender felon. Epstein was taking leave from his confinement in Florida to meet with attorneys at a New York law firm regarding "potential claims against D.B. Zwirn" for the investment losses he incurred in the Zwirn funds. This came to light when Epstein filed requests with his probation officer in Florida to leave the County for meetings with his attorney at Susman Godfrey LLP in New York City. (Exhibit C, page 2, paragraph 3).

To sum it up, three of the known individuals involved with Zwirn, two listed and one not listed on the application for license transfer are:

1. Daniel Zwirn (less than 1%) who effective 6-1-09 was voted to be removed from all involvement with the hedge funds and all affiliates that he founded by the Offshore shareholders and Onshore partners who had and exercised ultimate control of the management and finances of the funds.

2. Jeffrey Epstein (an "insulated" shareholder, % not disclosed), a convicted felon and registered sex offender.

3. Perry Gruss (0% equity) has been sued by the SEC for fraudulent transfers of funds between the Offshore and Onshore funds.

We have to believe this does not meet the standards the FCC is statutorily required to uphold for all licensees. We feel like Harry Markopolos the man whose

warnings to the SEC were ignored for a decade before money manager Bernard Maddoff's ponzi scheme collapsed and it was discovered that billions of dollars were lost by innocent investors. We have been asking for a hearing at the FCC regarding the Zwirn ownership for years and our requests have been denied.

Zwirn convinced the bankruptcy court in Dallas, Texas in a hearing on December 5, 2005 that Zwirn would qualify as a FCC licensee. Zwirn President David Lee testified to the bankruptcy court that Zwirn was not in violation of the foreign ownership rules and the license transfer would be approved by the FCC in "roughly 75-90 days." (The transcript of this hearing is available upon request). Zwirn also refused to disclose the details of the DIP loan that was made to The Watch, Ltd., debtor in possession.

The new information that has been presented here clearly shows why Zwirn did not want to disclose the DIP loan information, why Zwirn did not want to disclose more than 1% of the equity ownership, why Zwirn has not informed the FCC about Daniel Bernard Zwirn being forced to "resign from all offices and directorships with the Funds and their affiliates," and finally why Zwirn has not informed the FCC about the collapse of the Zwirn funds and their affiliates including but not limited to the entities listed on the ownership forms filed with the FCC.

Zwirn was a predator lender who preyed upon small and vulnerable broadcast companies including targeting minority owned companies, documenting the loans with covenants that could not be met and then in Zwirn's terms "harvesting the assets." It is a travesty for the FCC to continue to uphold any license transfer requests made by Zwirn. It is very difficult for small, independent broadcast companies to be successful in the United States. The small companies have to fight for every penny of revenue as

most of the advertising dollars, the better signals and the established ratings are controlled by the large broadcast companies. When you add having to deal with predator lenders the job becomes almost impossible. Zwirn's reputation as a predator lender was not known at the time that The Watch Ltd. was first introduced to them and certainly small companies like The Watch, Ltd. cannot compete with the attorneys Zwirn hired with the investors' money. It is estimated that Zwirn spent over $1,500,000 in attorney fees to prevent The Watch, Ltd. from paying Zwirn back the funds that were borrowed as harvesting the FCC licenses and broadcast properties was Zwirn's objective.

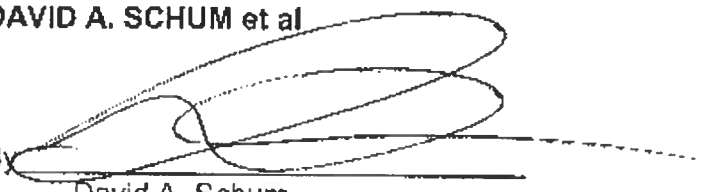
Zwirn's use of the "insulated" category of owner has resulted in a gross lack of transparency as required by FCC rules and regulations and has covered up their inability to qualify as a FCC licensee. Zwirn's lack of candor is in and of itself disqualifying. The FCC has an obligation to existing licensees as well as to the general public that the new licensee is qualified. Hedge funds are known to have an offshore presence to avoid US taxation and US oversight and Zwirn was no exception.

Petitioners ask the Commission to take into consideration this new information in addition to existing filings and vacate the grant of the above-captioned application and to dismiss or deny it or designate it for hearing.

Pursuant to Section 1.52 of the FCC's Rules, this is to verify the foregoing pleading and state that, to the best of the undersigned's knowledge, it is true and correct.

Respectfully submitted,

DAVID A. SCHUM et al

By 

David A. Schum,
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watchradio@aol.com

972-803-3113

October 12, 2011

Exhibit A

Excerpts from D.B. Zwirn Special Opportunities Fund, Ltd. Proxy Letter dated May 5, 2009 – six pages total – pages i,ii,iii,iv,13 and 33.

The entire proxy letter has 142 pages and is available upon request

D.B. Zwirn
Special Opportunities Fund, Ltd.

SHAREHOLDER ACTION REQUIRED

May 5, 2009

To the Shareholders (the "Shareholders") of
D.B. Zwirn Special Opportunities Fund, Ltd. (the "Fund", the "Offshore Fund", "us" or "we")

The purpose of these materials (this "letter" or this "Proxy Statement") is to invite you to attend an Extraordinary General Meeting of the Shareholders to be held on May 26, 2009 at 10:00 a.m. (Cayman Islands time) at the following address:

Maples and Calder
Ugland House
South Church Street
George Town
Grand Cayman KY1-1104
Cayman Islands

In connection with this meeting, we are soliciting your vote in favor of a series of transactions described in this Proxy Statement (the "Transactions") that would result in an affiliate of Fortress Investment Group LLC ("Fortress") replacing D.B. Zwirn & Co., L.P. ("DBZCO") as investment manager to the Fund. If approved and if the other conditions to closing the Transactions are satisfied, we expect that the transition to the new manager will take place in early June or shortly thereafter. While the Proxy Statement elaborates on the background and terms of the Transactions, we wish to provide you with the following context for the Transactions.

On February 21, 2008, by letter to the Shareholders of the Offshore Fund, DBZCO announced the orderly disposition of the Fund's portfolio. At the same time, DBZCO announced the orderly disposition of the portfolio of the D.B. Zwirn Special Opportunities Fund, L.P. (the "Onshore Fund"), another fund for which DBZCO serves as investment manager. Shortly thereafter, DBZCO determined to wind down the D.B. Zwirn Asia/Pacific Special Opportunities Fund, L.P. (the "Asia/Pacific Fund"). The orderly disposition of the portfolio of a fourth fund to which DBZCO serves as investment manager, the D.B. Zwirn Special Opportunities Fund (TE), L.P. (the "TE Fund"), had been in progress since October 2006 for reasons unrelated to the wind-down of the Offshore Fund, the Onshore Fund and the Asia/Pacific Fund. The Onshore Fund, TE Fund and Asia/Pacific Fund are referred to herein collectively as the "Domestic Funds", and the Domestic Funds and the Offshore Fund are referred to herein collectively as the "Funds".

Throughout 2008, DBZCO focused on cost reductions by seeking to mitigate potential shortfalls between projected fee revenues and operating costs. By late 2008, DBZCO became

concerned that, in light of the very difficult market environment and unanticipated audit adjustments and consequential dramatic reduction in the value of its assets under management, DBZCO might not be viable. Without significantly increasing DBZCO's fees from the Funds, DBZCO was concerned with its projected ability to retain necessary employees over the time period required to wind down the Funds and the managed accounts to which DBZCO provides investment advisory services (the "Managed Accounts") and to satisfy contingent and other liabilities. Concurrently, certain of the major investors in the Funds expressed the desire to explore changing the investment manager for the Funds. DBZCO's concerns and the statements from these investors were communicated to the Offshore Fund's Board of Directors during the course of the year.

Despite the belief of the independent directors of the Offshore Fund and of D.B. Zwirn Partners, LLC ("DBZGP"), which is the general partner of the Domestic Funds, that DBZCO was best qualified to manage the wind-down of the Funds, Berenson & Company, LLC ("Berenson") was engaged by the Offshore Fund and the Onshore Fund to explore and evaluate strategic alternatives, including transitioning the manager duties to a third party. DBZCO and Berenson then undertook a broad effort to identify and solicit qualified parties to replace DBZCO and DBZGP. As a result of this effort, and in light of the decline in assets under management and its impact on DBZCO's financial stability, on May 1, 2009, the Board and DBZGP unanimously approved the Transactions, and DBZCO and DBZGP entered into various agreements with affiliates of Fortress that contemplate, among other things, the replacement of DBZCO as the investment manager of the Funds and the discontinuation of DBZGP as the general partner of the Domestic Funds. The Transactions are subject to various conditions, including, but not limited to, requisite approval by the Shareholders of the Offshore Fund and the limited partners of the Onshore Fund. In arriving at their determination to approve these transactions, the Board and DBZGP considered Berenson's presentation, including advice, rendered on May 1, 2009, to the Board and DBZGP that, as of that date and subject to the assumptions, qualifications and facts set forth in Berenson's presentation to the Board and DBZGP, in Berenson's judgment, the new manager transaction proposal from Fortress represented a superior proposal for the Funds as compared to other alternatives available to the Funds as of May 1, 2009 (see the section "Berenson's Presentation to the Board and DBZGP").

It is a condition to the consummation of the Transactions (the "Closing") that (i) a majority of the voting rights attached to the issued and outstanding voting shares of the Offshore Fund in attendance at the Extraordinary General Meeting (assuming the presence of a quorum), in person or by proxy, are voted in favor of certain matters relating to the Transactions which are set forth on Appendix A (the "Offshore Consent Matters") and (ii) a majority in interest of the limited partners of the Onshore Fund consent to certain matters relating to the Transactions which are set forth on Appendix B (the "Domestic Consent Matters"). The Domestic Funds that obtain the requisite consent of their respective limited partners to the Domestic Consent Matters are referred to herein as the "Consenting Domestic Funds". The Offshore Fund, if it obtains the requisite consent of its Shareholders to the Offshore Consent Matters, and the Consenting Domestic Funds are referred to herein as the "Consenting Funds". We refer to the date on which the Closing actually occurs as the "Closing Date".

This letter and its attachments include details concerning the Transactions and related agreements, Fortress, the investor approval being sought, as well as the background of the Transactions and various risk factors to be considered by investors in determining whether to approve the Transactions. You are urged to read this letter and the attachments to it in their entirety and to carefully consider all of the contents herein and therein, including the risk factors described herein and therein, in determining whether to approve the Transactions.

If you have any questions about any of the Transactions, we encourage you to call or e-mail DBZCO to answer questions in its capacity as the Fund's investment manager. The contact person is Elise Hubsher, who can be reached at (646) 720-9343 or elise.hubsher@dbzco.com.

We appreciate your continued support and, as always, are interested in the views of our Shareholders.

Enclosed on Appendix A are (i) a Notice of Extraordinary General Meeting to be held on May 26, 2009 and (ii) a form of Shareholder Proxy and Vote. To evidence your approval of the Transactions, please complete, sign and return the attached form of Shareholder Proxy and Vote (Appendix A) to be received no later than 10:00 a.m. (New York time) on May 22, 2009 at:

D.B. Zwirn Special Opportunities Fund, Ltd.
c/o GlobeOp Financial Services (Cayman) Limited
45 Market Street, Suite 3205, 2nd floor
Gardenia Court, Camana Bay
Grand Cayman KY1-9003
Cayman Islands
Attention: Investor Relations: Adam Weisberg
Via Fax: (345) 946-7652
Via Email: Investors@GlobeOp.com

with a separate copy to:

D.B. Zwirn & Co., L.P.
Via Fax: (646) 720-9226
Via Email: investor.relations@dbzco.com

If the original form is deposited at the offices of GlobeOp Financial Services (Cayman) Limited, then please also send a copy of the form by facsimile or email to GlobeOp Financial Services (Cayman) Limited.

Financial information contained herein is unaudited and subject to change and is provided for informational purposes only. It has not been examined by any independent third party, including any independent accounting firm. The unaudited data is based on information available to the Fund, estimates and certain assumptions that DBZCO or the Fund deems appropriate, and may be revised as additional information becomes available. In preparing the financial information herein, every effort has been made to offer the most current, correct, and clearly expressed information possible. Nevertheless, inadvertent errors may occur. None of DBZCO, the Board, the Fund or Berenson makes any warranties or representations whatsoever regarding the quality, content, completeness, suitability, adequacy, sequence, accuracy, or timeliness of such information and data. Certain financial information provided herein is based on third-party sources, which information, although believed to be accurate, has not been independently verified.

This document and the materials enclosed herein include certain forward-looking statements relating to, among other things, the future financial performance and objectives of the Fund; plans and expectations regarding the operation of the Fund, DBZCO and their affiliates; and estimates or expectations regarding fees, costs and expenses. These forward-looking statements are typically identified by terminology such as "may," "will," "should," "expects," "anticipates," "plans," "intends," "believes," "estimates," "projects," "predicts," "seeks," "potential," "continue" or other similar terminology. Similar forward-looking statements may be contained in other documents that may accompany, or be delivered prior to, this proxy upon a prospective investor's request.

The Fund has based these forward-looking statements on DBZCO's current expectations, assumptions, estimates and projections about future events. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ, and these differences could be material. Some important factors that could cause actual results to differ materially from those expressed in any forward-looking statement include changes in general economic conditions; the performance of financial and other markets; political, legal and regulatory uncertainties; and the allocation of the Fund's assets and the timing thereof relative to that which was assumed, among others.

None of DBZCO, the Fund, any of their respective affiliates, the Board or Berenson has any obligation to update or otherwise revise any estimates, projections or other forward-looking statements, including any revisions that might reflect changes in economic conditions or other circumstances arising after the date hereof or the occurrence of unanticipated events, even if the underlying assumptions are not borne out.

Each of DBZCO, the Fund, their respective affiliates and the Board expressly disclaim any responsibility or liability for the accuracy, reliability or completeness of any of the information and statements provided in Annex B and the New Manager Projected First-Year Operating Budget.

Fortress and its affiliates expressly disclaim any responsibility or liability for the accuracy, reliability or completeness of any of the information and statements provided in the Proxy Statement (except for Annex B).

The ISA

The parties have agreed that DBZCO will not transfer to the Buyer or the New Manager, at the Closing, files and records of DBZCO that may contain confidential communications between DBZCO and its legal counsel that may be subject to the attorney-client privilege or work product doctrine. The Buyer and the New Manager will enter into an Information Sharing Agreement with DBZCO (the "ISA"), in order to establish certain procedures, for a period of approximately seven years after the Closing, for the delivery of certain of such files and records to Buyer or the New Manager upon a determination that privilege does not apply or, as applicable, without waiving privileges or work product protections. Files and records covering certain specified matters will not be made available to the Buyer or the New Manager, to the extent protected by attorney-client privilege or work product doctrine.

The ISA provides that upon the request of the Buyer and/or the New Manager, DBZCO legal counsel will review documents responsive to such requests and, on the basis of such review, DBZCO will provide to the Buyer or the New Manager information to the extent that it is either non-privileged material or information that is relevant to the business of managing the Funds and the Managed Accounts and is subject to attorney-client privilege or work product doctrine belonging to DBZCO or its attorneys. The ISA also provides that where certain matters are the subject of current or anticipated legal proceedings, DBZCO, the Buyer and/or the New Manager will enter into a joint defense or common interest agreement so that information can be shared among the parties and their counsel without waiving any privilege applicable to such information. A more detailed summary of the ISA is provided in Annex A.

Domestic Fund Interest Assignment and Assumption Agreement

DBZGP will sell its Domestic Fund Interests to the Buyer effective at the Closing and grant to the Buyer an option to purchase for $100 the ZM Interest exercisable on or after Closing, until December 31, 2009, in exchange for a total cash purchase price of $2.25 million, pursuant to an agreement executed on May 1, 2009 (the "Domestic Fund Interest Assignment and Assumption Agreement"). The Domestic Fund Interest Assignment and Assumption Agreement contains customary representations and warranties made by DBZGP (with respect to its limited partner interests) and Buyer and provides that, upon execution, (i) DBZGP will be released from its obligations under the limited partnership agreements of the Domestic Funds with respect to its limited partner interests, (ii) Buyer will assume the obligations of DBZGP with respect to its limited partner interests under, and Buyer will be admitted as a limited partner of, each Domestic Fund. The Domestic Fund Interest Assignment and Assumption Agreement will automatically terminate in the event the APA is terminated.

DBZCO's Management Arrangements

(i) Daniel Zwirn.

As a condition to the Closing, Daniel Zwirn, DBZCO's founder, Managing Partner and Chief Investment Officer ("CIO"), will resign from all offices and directorships with the Funds and their affiliates.

To enhance DBZCO's ability to retain staff essential to the wind-down process, DBZCO entered into compensation agreements with key personnel. Such agreements were structured to incentivize employees to remain employed at DBZCO throughout 2008, with final payments due to employees in 2009.

By early 2008, as a result of significant redemptions by investors in 2007, an event of default had occurred under two debt facilities, one provided by KBC Financial Products Inc., an affiliate of the Belgian bank ("KBC"), to Woodhaven Drive I, LLC, a special purpose vehicle controlled by the Onshore Fund ("WHD I"), and one provided by KBC to Woodhaven Drive II, LLC, a special purpose vehicle controlled by the Offshore Fund ("WHD II"). The facility to WHD II was repaid in February 2008. In March 2008, in light of this event of default as well as the desire to repay amounts owed by the Onshore Fund under the Interfund Notes (described below), Berenson was instructed to explore a third-party debt financing to refinance the KBC debt facility to WHD I and the Interfund Notes. Given the desire to limit dissemination into the market of any liquidity concerns of the Funds, four potential lenders were discreetly contacted. Three lenders submitted preliminary proposal letters in late May 2008, of which two were invited to perform further due diligence to provide a commitment letter. One party issued a commitment letter, subject to the completion of confirmatory due diligence and negotiation of definitive documentation, and the other party concluded that it was not willing to provide the financing under the terms of its preliminary proposal letter. During the completion of confirmatory due diligence and negotiation of definitive documentation with the remaining lender, WHD I was able to generate sufficient proceeds from asset sales to fully repay the remaining KBC facility. As a result of the KBC repayment and, due to DBZCO's concerns regarding certain provisions of the definitive documentation with the remaining potential lender, in early August 2008, DBZCO, in consultation with the Board, terminated discussions with the remaining lender and began negotiating an extension amendment for the Interfund Notes in lieu of completing a third party refinancing.

The Offshore Fund, the TE Fund and a Managed Account frequently made advances to the Onshore Fund and other managed accounts in order to fund investments. These interfund transfers were subsequently documented as interest-bearing demand notes in favor of the Offshore Fund, the TE Fund and such Managed Account by the Funds and Managed Accounts that had received the benefit of the use of such capital.

As of the date hereof, two promissory notes (the "Interfund Notes") evidencing advances from the Offshore Fund and the TE Fund to the Onshore Fund remain outstanding. The original Interfund Notes were issued effective March 26, 2007 and evidenced revolving advances extended by the Offshore Fund and the TE Fund, respectively, to the Onshore Fund as early as January 1, 2004. The original Interfund Notes were amended and restated on two occasions, once effective December 31, 2007 and again effective September 30, 2008. These amendments extended the maturity date of the obligations under the Interfund Notes. For as long as the obligations under the Interfund Notes remain outstanding, the Onshore Fund is prohibited from (i) making any distributions, dividends, or redemption payments to its limited partners and (ii) making any distribution to DBZGP with respect to incentive allocations relating to the 2008 fiscal year and future fiscal years. As of December 31, 2008, the aggregate principal outstanding under the Interfund Note in favor of the Offshore Fund was approximately $98 million and the accrued and unpaid interest thereon as of such date was approximately $34 million, subject in

Exhibit B

Original law suit filed on April 8, 2011 by the Securities Exchange Commission (SEC) against Perry Gruss the former CFO of D.B. Zwirn Special Opportunities Fund, LLC – 14 pages total

JUDGE SWEET

11 CV 2420

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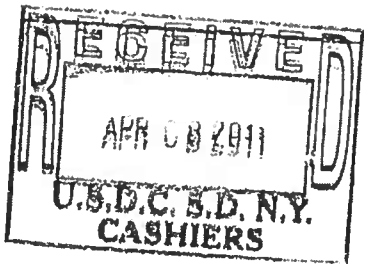

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	11 Civ. _____ ( )
Plaintiff,	
	COMPLAINT
v.	
PERRY A. GRUSS,	
Defendant.	

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against Perry A. Gruss ("Gruss" or "Defendant"), alleges as follows:

SUMMARY

1. This action arises out of Gruss' actions while he was the Chief Financial Officer of D.B. Zwirn & Co., L.P. ("DBZCO"), a now defunct investment adviser that, at various times during the period 2002 through 2009, managed five hedge funds including the D.B. Zwirn Special Opportunities Fund, Ltd. (the "Offshore Fund") and D.B. Zwirn Special Opportunities Fund, L.P. (the "Onshore Fund"), along with several managed accounts. The Offshore Fund and the Onshore Fund were separate entities with largely distinct pools of investors.

2. During the period March 2004 through July 2006, Gruss knowingly misused the signatory and approval authority he had over funds held in client accounts and directed and/or authorized more than $870 million in improper transfers of client cash, both between client funds and from client funds to the investment adviser and third parties.

3. The improper transfers directed and/or approved by Gruss included: (i) $576 million in transfers between March 2004 and July 2006 from the Offshore Fund to the Onshore Fund or directly to third parties to fund Onshore Fund investments; (ii) $273 million in transfers between June 2005 and May 2006 from the Offshore Fund to repay the revolving credit facility of the Onshore Fund; (iii) $22 million in management fees due to DBZCO that were improperly withdrawn between May 2004 and March 2006 from accounts of client hedge funds before due and payable in order to cover DBZCO's operating cash shortfalls; and (iv) a total of $3.8 million taken from the Onshore Fund and a managed account in September 2005 to fund a portion of the $17.95 million purchase price of a Gulfstream IV aircraft purchased by DBZCO's managing partner.

4. The improper transfers were not permitted by the offering documents or the management agreements and were not disclosed to clients until after Gruss was terminated in October 2006.

VIOLATIONS

5. By virtue of the conduct described herein, Defendant, directly and indirectly, has engaged, and may again engage, in acts, practices and courses of business, that constitute aiding and abetting DBZCO's violations of Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act").

6. Unless the Defendant is permanently restrained and enjoined, he will continue to engage in the acts, practices, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

7. The Commission brings this action pursuant to the authority conferred upon it by Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)] and seeks a judgment permanently restraining and enjoining the Defendant from engaging in the acts, practices and courses of business alleged herein.

8. In addition to the injunctive relief recited above, the Commission seeks: (i) final judgment ordering Gruss to disgorge any ill-gotten gains with prejudgment interest thereon; (ii) final judgment ordering Defendant to pay civil penalties pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]; and (iii) such other relief as the Court deems just and appropriate.

JURISDICTION AND VENUE

9. This Court has subject matter jurisdiction over this action pursuant to Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

10. Venue is proper in the Southern District of New York pursuant to 28 U.S.C § 1391. The Defendant, directly and indirectly, made use of the means or instrumentalities of interstate commerce, or of the mails and wires, in connection with the transactions, acts, practices, and courses of business alleged in this complaint. A substantial part of the events comprising Defendant's fraudulent activities giving rise to the Commission's claims occurred in the Southern District of New York, including, among other things, the approval and implementation of the transactions described herein. DBZCO also had its headquarters in New York, New York, and Gruss' principal office was located therein.

THE DEFENDANT

11. **Perry A. Gruss ("Gruss")**, age 43, is a resident of Manalapan, New Jersey. Gruss was DBZCO's chief financial officer at all times during the period March 1, 2004 through October 4, 2006, when, faced with termination, he resigned. Gruss had also been a DBZCO partner since January 1, 2006. Gruss is currently employed in a marketing capacity at another investment adviser which is currently in liquidation.

FACTS

Overview

12. From its founding in October 2001 through October 2006, DBZCO grew its assets under management from $0 to approximately $5 billion. DBZCO also expanded from a single office in New York with less than ten dedicated employees to more than ten offices across the globe with over 200 employees. DBZCO delivered consistent positive returns for its clients, accumulating forty-nine consecutive months of positive returns through October 2006.

13. During the period March 1, 2004 through October 4, 2006, DBZCO had no written accounting policies or procedures. The *de facto* policy was that all transfers of cash of any size had to be expressly approved by Gruss. (While the managing partner also had signatory authority over the accounts, his approval was not sought in practice.) Gruss' approval was effectuated by his affirmative response to emails sent to him by members of the finance department or by Gruss personally signing or authorizing his signature to be affixed to hard copy wire transfer requests.

Misappropriation of Offshore Funds for Onshore Investments

14. DBZCO's Onshore Fund faced a chronic cash shortage. Its investment opportunities exceeded available funds, threatening its ability to fulfill existing capital commitments and fund new investment opportunities.

15. In contrast, DBZCO's Offshore Fund had more cash than investment opportunities due to its inability to make investments or loans directly in a U.S. trade or business without being subject to a U.S. tax liability. DBZCO's intent to conduct the business of the Offshore Fund in a manner "such that the Fund should not be deemed to be engaged in a U.S. trade or business" was stated in the Fund's offering documents.

16. Because of the cash shortage in the Onshore Fund, Gruss instructed his staff to take cash from the Offshore Fund to make investments for the benefit of the Onshore Fund. Gruss knew that Offshore Fund cash was being used for these investments because the wire transfer request emails were explicit in that regard. Such transfers occurred at least eighty-five times and, in total, $576 million was transferred from the Offshore Fund to make investments for the benefit of the Onshore Fund (the "Inter-fund Transfers"). No loan agreements were created to document the transfers. After periods ranging from two days to 285 days, and an average of sixty-six days outstanding, the Onshore Fund repaid the Offshore Fund for the cash transfers but with no interest at that time.

17. The amount of Inter-fund Transfers outstanding between the Onshore and Offshore Funds grew to as much as $148 million in December 2005. At December 31, 2005, the net assets of the Offshore Fund were approximately $1.4 billion.

18. The practice began when a senior member of DBZCO's accounting staff ("Accountant 1") received a request for funding of an investment by the Onshore Fund that the

Onshore Fund did not have the money to fund. Accountant 1 then went to Gruss, who provided instruction to use cash from the Offshore Fund which would eventually be repaid when new investor capital came into the Onshore Fund.

19. Thereafter, a practice developed of using cash from the Offshore Fund to fund Onshore Fund investments. Gruss typically conveyed his approval to these transfers by responding positively to an email requesting the transfer sent from someone in DBZCO's accounting department to individuals at the bank serving as the custodian of both the Onshore and Offshore Funds' cash. The emails included requests to transfer amounts of cash "from the LTD account #721600" to third parties and, less frequently, to the Onshore Fund and then third parties. Gruss knew that "LTD account #721600" was for the Offshore Fund because it was one of the accounts most frequently used at the custodian bank and was the shorthand way the accounting team referred to accounts.

Gruss' Staff Expressed Concern Over the Inter-fund Transfers

20. Both Accountant 1 and another accountant ("Accountant 2"), repeatedly expressed concern to Gruss about the practice of transferring cash between funds, and each resigned from DBZCO in part due to the practice.

21. As the size of the transfers began to grow, Accountant 1 became concerned they could not be repaid. Accountant 1 also grew increasingly uncomfortable with the practice and told Gruss it was improper. Accountant 1 repeatedly threatened to quit over the Inter-fund Transfers. Accountant 1 also communicated concern over the Inter-fund Transfer practice to Accountant 2. Accountant 2 told Gruss that if he wanted Accountant 1 to stay, the practice would have to stop. When the practice did not stop, Accountant 1 resigned.

22. Accountant 2 also raised concerns about the practice with Gruss. In an email exchange between Accountant 2 and Gruss on April 18, 2005, Accountant 2 asked if a particular Onshore Fund deal should be funded from the "Ltd" – the Offshore Fund. Gruss responded "Yes pls." Accountant 2 responded "[I]s there a game plan? Or is this something that the [DBZCO] backoffice must 'learn to accept'?" Gruss ultimately responded in another email "What's our altwrnatives [sic]."

23. Responding to Gruss's request for alternatives, Accountant 2 suggested getting "all the partners/top mgmt in the loop (i.e. REALITY) . . . then have them make a joint mgmt decision." Gruss did not inform DBZCO's managing partner or any of the other DBZCO partners of the Inter-fund Transfer practice.

24. As the Inter-fund Transfers continued, the balance due from the Onshore Fund to the Offshore Fund continued to grow. In November 2005, Accountant 2 provided Gruss with a spreadsheet which detailed, by investment, the amounts that were due from and to the clients managed by DBZCO. Accountant 2 discussed this spreadsheet in a late-2005 meeting with Gruss as DBZCO tried to clear as many receivables and payables as possible before the December 31 year-end to avoid inquiries from the auditors. As a result of this meeting, certain amounts were repaid.

25. In meetings with Gruss, Accountant 2 also expressed her concern that the inter-fund transfers constituted commingling of funds, were not documented, and did not involve payment of interest to the Offshore Fund for the use of the money at that time.

26. In June 2006, Accountant 2 resigned and, in discussing the resignation with Gruss, specifically cited concerns about the Inter-fund Transfers which Accountant 2 had concluded were inappropriate.

27. In early 2006, DBZCO's treasurer questioned Gruss about the Inter-fund Transfers and whether a loan existed. Gruss informed the treasurer that there was no loan because the Offshore Fund could not make loans to the Onshore Fund because of the tax issues.

Misappropriation of Offshore Fund's Cash for Credit Facility Repayment

28. The Onshore Fund had a revolving credit facility whose terms required full repayment every seventy-five days. Beginning in June 2005 and continuing until May 2006, Gruss approved four transfers totaling $273 million from the Offshore Fund to the Onshore Fund to enable the Onshore Fund to repay its outstanding obligations under the credit facility. While the credit facility was available to each fund, each fund was solely liable for its own debt, so the Offshore Fund had no obligation (or business purpose) to assist the Onshore Fund in paying down the Onshore Fund's credit line. No loan agreements were created to document the transfers.

29. In June 2005, $78 million was transferred from the Offshore Fund to the Onshore Fund so that the Onshore Fund could repay $80 million outstanding under its credit facility.

30. On June 13, 2005, Gruss authorized the $78 million transfer by replying to an email sent by Accountant 1 to the Offshore Fund's bank. The details of the email showed that the transfer was for payment to the provider of the revolving credit facility, and that the cash would move from the Offshore Fund to the Onshore Fund and then to the provider of the credit facility.

31. The Onshore Fund did not repay the $78 million to the Offshore Fund until five months later via five wire transfers at the end of 2005, leaving no amount due between the Funds at December 31, 2005 related to the credit facility. No interest was paid to the Offshore Fund for the use of the $78 million over those five months at that time.

32. In 2006, Gruss authorized via email three more transfers totaling $195 million for repayment of the credit facility. Wire transfers for $125 million, $50 million and $20 million were authorized by Gruss on January 9, March 3 and May 26, 2006, respectively. Gruss authorized each wire transfer via email.

33. Although $87 million had been repaid by the Onshore Fund to the Offshore Fund by the time this practice was discovered in October 2006, $108 million still remained outstanding at that time.

Misappropriation of Client Cash for Early Management Fee Withdrawals

34. From May 2004 through March 2006, DBZCO withdrew a total of $22.5 million in management fees from client accounts before the funds were due to DBZCO. DBZCO's bank records show that, without the funds provided by the early withdrawal of management fees, DBZCO would have faced severe liquidity constraints and might have been unable to fund its cash disbursements for its operating expenses.

35. The Management Agreements between DBZCO and the funds under its management during the period from May 2004 through March 2006 specifically provided that "[t]he monthly Management Fee shall be accrued monthly and payable quarterly . . . ." Gruss was aware of the payment terms in the Management Agreements and recognized that the early withdrawals amounted to loans of fund money to DBZCO.

36. Nevertheless, Gruss approved an early withdrawal on June 21, 2004, nine days before the fees were payable. Gruss repeated his approval for early withdrawals at least nineteen times through March 2006, for total withdrawals of $22.5 million. Numerous withdrawals were made thirty days or more before the fees were payable. No loan agreements were created to

document the advance use of cash by DBZCO and no interest was paid to DBZCO's clients for the use of funds at that time.

37. Without the early withdrawals, DBZCO would have had insufficient cash to fund the payments it made in each of the months in which it withdrew the management fees before they were due. DBZCO's fee withdrawals were most significant in September 2005, December 2005 and March 2006 where, were it not for the Management Fee Withdrawals, DBZCO would have been overdrawn in its operating account at month-end by $1.9 million, $4.0 million and $9.5 million, respectively.

Misappropriation of Client Cash for Aircraft Purchase

38. In April 2005, DBZCO's managing partner tasked the chief operating officer ("COO") with acquiring a Gulfstream IV aircraft. The aircraft was to be purchased by a single member LLC owned by DBZCO's managing partner with certain purchase related expenses paid for by DBZCO as advances on the managing partner's partnership distributions. Gruss frequently received emails from the COO and the managing partner about the purchase and from the COO when cash was needed to make payments related to the aircraft.

39. By mid-September 2005, the COO had requested payment of five invoices related to the aircraft purchase, all of which were paid by DBZCO, and had copied Gruss on the email instructions which clearly identified the expenses as related to DBZCO.

40. The total purchase price of the aircraft was $17.95 million, and DBZCO was faced with a $3.8 million shortfall in available funds to close on the purchase, including additional cash due to the seller, collateral for a letter of credit to secure certain non-recourse financing, other fees and closing costs. The funds needed were as follows:

Funds Needed by DBZCO to Complete Aircraft Purchase

Additional cash due to seller (after financing)	$1,681,350
Collateral for $1.9 million letter of credit	1,900,000
Financing fees	80,250
Closing costs to aircraft broker	112,575
Total DBZCO funds needed to close	$3,774,175

41. During the relevant period, DBZCO never had more than $827,000 available in its operating account – far less than the $3.8 million needed to complete the aircraft purchase.

42. The closing on the aircraft purchase went ahead in late September 2005. The COO sent four email requests for wire transfers to Accountant 2, with copies to Gruss, to provide for the funds.

43. Accountant 2 set up wires to take the funds, as directed by Gruss, from accounts belonging to DBZCO's clients – the Onshore Fund and a managed account. Gruss approved all of the transfers.

44. The information contained on the face of the hard copy and email wire requests approved by Gruss provided clear identification of the Offshore Fund and one of DBZCO's managed accounts as the source of the funds and that the funds were to be used for the aircraft purchase. Despite these indications, Gruss approved the following transfers:

Client Cash Used for Aircraft Purchase

Date	Amount of Wire	Paid by DBZCO Client	Payee
9/28/05	$1,900,000	Managed account	DBZCO cash collateral account at bank
9/28/05	80,250	Managed account	Bank providing financing
9/29/05	1,681,350	Onshore Fund	Escrow agent
9/30/05	112,575	Onshore Fund	Aircraft broker
Total	$ 3,774,175		

Gruss Received Post-Purchase Notice of Use of Client Funds

45. On November 4, 2005, a working capital facility closed and $8.1 million was made available to DBZCO by its bank. On November 9, 2005, Gruss received an email from the Accountant 2 with a detail of cash available, including the working capital loan received from the bank. The detailed information in the email included $3.8 million to "[r]epay LP fund for airplane wires." Also, on November 10, 2005, Accountant 2 emailed Gruss a request to "send $3.77mm from the new account where we recvd the 8.1mm loan back to the LP fund for reimbursement of the airplane wires." The managed account was subsequently repaid.

46. Despite receiving notice of the use of client funds, Gruss did not inform any of his superiors or anyone outside of DBZCO's accounting group that client funds had been used for the aircraft purchase.

47. By November 23, 2005, the amounts taken from client accounts were reimbursed. The amounts taken from the clients were not documented as loans and no interest was paid to the clients at that time.

CLAIM FOR RELIEF

(Violations of Section 206(1) and 206(2) of the Advisers Act)

48. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 47, of this Complaint.

49. DBZCO was an investment advisor under Section 202(a)(11) of the Advisers Act [15 U.S.C. §§ 80b-2(a)(11)].

50. As DBZCO's CFO during all relevant time periods, and as a DBZCO partner from January 1, 2006 through October 4, 2006, Gruss was a person associated with an investment adviser under Section 202(a)(17) of the Advisers Act [15 U.S.C. §§ 80b-2(a)(17)].

51. As a result of the transfers authorized by Gruss herein described, DBZCO directly or indirectly through the use of the mails or any means or instrumentality of interstate commerce: (a) employed devices, schemes, and artifices to defraud any client or prospective client; or (b) engaged in transactions, practices or courses of business which operated as a fraud or deceit upon any client or prospective client in violation of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2)].

52. Gruss, while associated with DBZCO, an investment adviser, knowingly provided substantial assistance to DBZCO's violations.

53. By reason of the foregoing, Gruss aided and abetted, and unless enjoined, will continue to aid and abet violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

1. Permanently enjoining Defendant, from, directly or indirectly, aiding and abetting violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2)]; and

2. Ordering Defendant to disgorge any ill-gotten gains, plus prejudgment interest;

3. Ordering Defendant to pay a civil money penalty pursuant to Section 209(e) of the Advisers Act [15 U.S.C. §80b-9]; and

4. Granting such other and further relief as the Court deems appropriate.

Dated: April 8, 2011
New York, New York

Respectfully Submitted,

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Exhibit C

Article from the Palm Beach Post dated July 11, 2010 by Staff Writer Jane Musgrave titled "Billionaire sex offender Jeffrey Epstein's year-long probation to end next week" – 2 pages total

The Palm Beach Post

Billionaire sex offender Jeffrey Epstein's year-long probation to end next week

By JANE MUSGRAVE
Palm Beach Post Staff Writer

Updated: 4:19 p.m. Sunday, July 11, 2010
Posted: 11:34 a.m. Sunday, July 11, 2010

Billionaire sex offender Jeffrey Epstein is days away from complete freedom.

In the last two weeks, he has settled the remaining seven civil lawsuits of the roughly 25 he faced from young women who claimed he paid them for sexually-charged massages at his Palm Beach mansion when some were as young as 14.

Next week - on July 21 - his year-long probation will end. The 57-year-old will no longer be forced to get permission to fly his private jet to New York or his home in the Virgin Islands or to climb aboard his helicopter to meet with his lawyers in Miami.

According to his probation officer's reports, he has chafed at the restrictions that many claim were ludicrously lax. He has also complained about ongoing news coverage.

Epstein "seems somewhat agitated by all this last-minute press," his probation officer wrote on May 19.

Those who criticize the breaks he has gotten say he has little reason to complain.

First, he was allowed to plead guilty to two sex-related felonies in state court. In exchange, federal prosecutors dropped their investigation into allegations made by roughly 35 young women. He served 13 months of an 18-month jail sentence.

Since he was placed on house arrest last July, he has taken several trips each month to his eight-story home in New York City - said to be the largest private residence in Manhattan - and to an island he owns in the Virgin Islands.

"Try to find someone else who's charged with his criminal conduct who's had that kind of treatment," said attorney Spencer Kuvin, who represented three young women who sued Epstein and settled the lawsuits for undisclosed terms.

Adam Horowitz, who represented seven women who settled lawsuits against Epstein, agreed.

"I thought community control meant you stayed within your community and there was some level of control," he said. "There was very little information disclosed about where he was going and why. It was shocking to me."

However, officials at the Florida Department of Corrections and his attorneys, said Epstein was treated like other probationers - albeit few, like Epstein, have such enormous wealth.

Palm Beach County Circuit Judge Jeffrey Colbath gave him permission to travel overnight on business or for legal matters. Travel couldn't be on weekends, only one overnight stay was allowed per trip and all travel had to be OK'd by his probation officer 48 hours in advance.

However, exceptions were made. When power went out at his 14,000-square-foot El Brillo Way mansion one cold night in January, he was given permission to move up his jet's departure 12 hours.

Further, state records show, he wasn't required to provide proof that the out-of-state meetings ever took place or list names of those he met with.

For instance, he got permission to fly to Cambridge, Mass. and New York on April 19 and 20. He described the Cambridge visit as consumed by "legal meetings." But, according to the addresses listed, one of the meetings took place at the Harvard Department of Chemistry and Chemical Biology. The other meeting was in a complex that includes a sporting goods store and variety of offices, but not a law office. It does include an agency affiliated with Harvard. He gave the school $30 million in 2003.

Epstein's criminal defense attorney Jack Goldberger said he didn't know why Epstein travelled to Cambridge. But, he said, in addition to his long-standing relationship with Harvard, he has lawyers there. Celebrity lawyer and Harvard professor Alan Dershowitz was part of his defense team.

Most of Epstein's New York trips have been to meet attorney Stephen Susman. A reported $1,000-an-hour lawyer who is consistently ranked among the top trial lawyers in the nation, Susman said the meetings were to investigate "potential claims against D.B. Zwirn," said a letter in Epstein's probation file. Zwirn is a onetime hedge fund wunderkind whose 2006 collapse reportedly cost Epstein millions.

Goldberger insisted Epstein didn't get preferential treatment. His other clients are routinely allowed to travel for work or business. If they are window installers, they don't have to list their clients; only that they are traveling to West Palm Beach or Belle Glade for work, he said.

"He had very strict probation officers, they knew exactly where he was at all times," Goldberger said.

While community control is commonly called house arrest, the term is a misnomer, said Gretl Plessinger, spokeswoman for the corrections department. People on community control are allowed to go to Home Depot or their lawyers offices as Epstein regularly did. They simply must plan such trips in advance and let their probation officer know where they will be, she said.

If they aren't where they are supposed to be, they can be hauled back into court - and possibly sent back to jail - for violating their probation.

That nearly happened to Epstein several times. Shortly after he was released from jail, Palm Beach police detained him after they found him walking on State Road A1A. They released him when his probation officer reported that Epstein, who doesn't have a driver's license despite his many cars and motorcycles, had the OK to walk from home to his office in West Palm Beach.

Earlier this month, his probation officer became suspicious when Epstein didn't come to the door for 30 minutes. After he left, the officer saw Epstein's Cadillac Escalade speed by. When the officer returned to Epstein's home, the billionaire appeared, dressed in a robe. He said he had been asleep.

The probation officer wrote: "This officer does not believe (Epstein) but was unable to prove as windows were dark and this officer was not able to verify (Epstein) getting out of the car." But he warned, the next time Epstein could face a probation violation.

Attorney Horowitz said there may be other next times for Epstein. Additional women may file lawsuits against him.

Kuvin said he is hopeful federal prosecutors are still investigating him. About three months ago, he got a call from prosecutors in Washington who investigate child trafficking.

Goldberger squashed that idea: "I can answer this pretty emphatically. There is no continuing investigation of Jeffrey Epstein."

Epstein is still pursing a lawsuit against imprisoned Fort Lauderdale attorney Scott Rothstein. He claims Rothstein falsely claimed Epstein had settled lawsuits with the women for as much as $200 million to lure investors as part of a $1.2 billion Ponzi scheme.

Even discounting that lawsuit, Horowitz said, he isn't convinced the last chapter has been written.

"I don't think the story is going to go away," Horowitz said. "Somehow the Jeffrey Epstein story will stay in the news."

Find this article at:

CERTIFICATE OF SERVICE

It is hereby certified that true copies of the foregoing pleading were served by first-class United States mail, postage prepaid, on this 20th day of October, 2011 upon the following:

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