

Silver Price Manipulation

Jordan, Christopher - Vol. 1

9/15/2010 9:15 AM

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In the Matter of: :
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:
SILVER PRICES. :
: Volume 1
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Washington, D.C.
Wednesday, September 15, 2010
Testimony of
CHRISTOPHER T. JORDAN
a witness, called for examination by counsel for
Commodity Futures Trading Commission, pursuant to
notice and agreement of counsel, beginning at
approximately 9:15 a.m., at the offices of the
Commodity Futures Trading Commission, 1155 21st
Street, NW., Washington, D.C., before Denise
Dobner Vickery of Anderson Court Reporting, notary
public in and for the District of Columbia, when
were present on behalf of the parties:

APPEARANCES:

On behalf of Commodity Futures Trading
Commission:

EUGENE SMITH, ESQUIRE
CHRISTINE M. RYALL, ESQUIRE
JOAN MANLEY, DEPUTY DIRECTOR
PATRICIA GOMERSALL, Senior Investigator
JEREMY J. CUSIMANO, Advisor to Director
MICHAEL A. PENICK, Senior Economist
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On behalf of Witness:

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Also Present:

GLENN HOFFERBER, CME Group
* * * * *

C O N T E N T S

EXAMINATION BY: PAGE
Counsel for CFTC 4
JORDAN EXHIBITS:
No. 1 - Subpoena 6
No. 2 - Document, Bates Stamped No. 236
JPM-AG 00271889
No. 3 - October 16, 2009, E-mail 240

1 P R O C E E D I N G S

2 MS. RYALL: Okay. We'll go on the
3 record and could you please put the witness under
4 oath.

5 Whereupon,

6 CHRISTOPHER T. JORDAN

7 was called as a witness, and having been first
8 duly sworn, was examined and testified as follows:

9 EXAMINATION BY COUNSEL FOR THE COMMODITY

10 FUTURES TRADING COMMISSION

11 BY MS. RYALL:

12 Q Could you state and spell your name for
13 the record?

14 A Christopher Thomas Jordan.

15 C-h-r-i-s-t-o-p-h-e-r. T-h-o-m-a-s.

16 J-o-r-d-a-n.

17 Q This is an investigation by the United
18 States Commodity Futures Trading Commission into
19 the matter of In re: Silver Prices to determine
20 whether there have been violations of certain
21 provisions of the Commodity Exchange Act and
22 regulations. However, the facts developed in this

1 investigation might constitute violations of other
2 federal or state civil or criminal laws.

3 My name is Christine Ryall and I'm an
4 officer of the Commission for purposes of this
5 proceeding. With me today I have other CFTC
6 staff, and I will let them identify themselves and
7 their position.

8 MS. GOMERSALL: Trish Gomersall, senior
9 investigator.

10 MR. SMITH: Eugene Smith, attorney with
11 the Division of Enforcement.

12 MR. PENICK: Michael Penick, senior
13 economist from the Office of the Chief Economist.

14 MR. BATTAGLIA: Chris Battaglia,
15 Division of Enforcement.

16 MR. GRIMM: Jordan Grimm. I'm an
17 economist in the Division of Market Oversight.

18 MR. CUSIMANO: Jeremy Cusimano, economic
19 advisor to the Director of the Division of
20 Enforcement.

21 MS. MANLEY: Joan Manley, attorney with
22 the Division of Enforcement.

1 BY MS. RYALL:

2 Q And, Mr. Jordan, are you represented by
3 counsel today?

4 A Yes, I am.

5 MS. RYALL: Okay. And I'll have you
6 introduce yourselves.

7 MR. BENJAMIN: Thank you. Jim Benjamin
8 and Christopher Egleson from Akin Gump Strauss
9 Hauer & Feld, One Bryant Park, New York, New York,
10 appearing on behalf of Mr. Jordan.

11 MR. SCHROEDER: William E. Schroeder and
12 David Sollors from Sullivan & Cromwell LLP,
13 appearing on behalf of JP Morgan.

14 (Jordan Exhibit No. 1 was marked
15 for identification.)

16 BY MS. RYALL:

17 Q Mr. Jordan, you're appearing here
18 voluntarily today?

19 MR. BENJAMIN: (Nodding).

20 THE WITNESS: Yes.

21 BY MS. RYALL:

22 Q Thank you. And I have placed -

1 A He's good.

2 Q I have placed before you what has been
3 marked as Exhibit 1. Have you had a chance to
4 review that?

5 A I sure have.

6 Q And have you seen it before today?

7 A Yes, I have.

8 Q Okay. And did you read over it?

9 A Yes, I did.

10 Q Do you have any questions about that
11 document and what's stated in there?

12 A I do not.

13 Q Okay. Thank you. Do you understand
14 that you're under oath?

15 A Yes, I do.

16 Q And you understand that you're swearing
17 that all of your answers are true and correct?

18 A Yes, I do.

19 Q If at any time I ask you a question you
20 don't understand, will you let me know?

21 A I will.

22 Q If at any time you realize a previous

1 answer is incomplete or incorrect, will you let me
2 know?

3 A I will.

4 Q Is there any reason that you can't give
5 complete -- clear and complete answers today?

6 A No.

7 Q I plan to break probably in, I don't
8 know, two hours. Is there anything you need right
9 now before we start?

10 A No.

11 Q Okay. If you want to go off the record,
12 let me know and I will instruct the court
13 reporter.

14 A Thank you.

15 Q So first thing I want to do is just kind
16 of go into a little bit of your background.

17 Have you ever testified before in any
18 criminal or civil matter?

19 A No.

20 Q Have you ever been a defendant in any
21 litigation?

22 A No.

1 Q Have you ever been convicted of or pled
2 no contest to a crime?

3 A No.

4 Q What is your date of birth?

5 A (b)(6); (b)(7)(C).

6 MR. BENJAMIN: Just if I can ask a
7 clarifying question.

8 Have you ever testified in any
9 regulatory investigations before?

10 THE WITNESS: I've given testimony to
11 the CFTC, but I wasn't -

12 BY MS. RYALL:

13 Q Okay. And when was that?

14 A I believe it was 2002.

15 Q Okay. And what was the matter?

16 A It involved gold and silver trading on
17 the COMEX. There was an inquiry into a cross
18 trade that my broker executed, and I went to New
19 York with Morgan Stanley's lawyer. That's when I
20 worked with Morgan Stanley and I was there for a
21 few hours, but I'm not sure exactly what they were
22 investigating.

1 Q Oh, and that was in 2002 you said?

2 A I believe so. I do recall that (b)(6);
3 (b)(6); (b)(7)(C). So I
4 think it was the end of 2002.

5 Q And you said that was about cross
6 trades?

7 A That was the open out -- that was when
8 COMEX was all -- when trading was all open outcry
9 and my broker, Millennium, (b)(6); (b)(7)(C), I gave a
10 buy order of a large amount and he gave a sell -and
11 he had a sell order apparently and it was
12 crossed. He crossed the trade in the pit, and
13 they asked me in reference to that trade.

14 Q Were you ever charged with any violation
15 of law as a result?

16 A I was not.

17 Q Okay. Do you know whether your broker
18 was charged with any violation of law?

19 A I don't.

20 Q Okay. Let's go back. What is your date
21 of birth?

22 A (b)(6); (b)(7)(C).

1 Q And what is the last four did digits of
2 your Social Security number?

3 A (b)(6);
(b)(7)(C).

4 Q And do you have a personal e-mail
5 address?

6 A I sure do. It's -- actually it's my

7 (b)(6); (b)(7)(C), but it's (b)(6); (b)(7)(C).

8 Q And do you use that e-mail address?

9 A Presently, yes, I do.

10 Q Okay.

11 MR. BENJAMIN: Do you have any other
12 personal e-mail addresses?

13 THE WITNESS: I set up one for myself a
14 year ago, but I haven't used it. So I don't even
15 remember what the name is on it.

16 MR. BENJAMIN: Okay.

17 BY MS. RYALL:

18 Q So the e-mail address you primarily use
19 is (b)(6); (b)(7)(C)?

20 A Correct.

21 Q And what about your personal telephone
22 numbers, home and cell?

1 A Sure. My home phone number is (b)(6);
2 (b)(6); (b)(7)(C). My cell phone is (b)(6); (b)(7)(C). And
3 my wife's cell phone, which I happen to have a
4 lot, is (b)(6); (b)(7)(C).

5 Q Okay. And what is your residential
6 address?

7 A It's (b)(6); (b)(7)(C)
8 (b)(6); (b)(7)(C).

9 Q (b)(6); (b)(7)(C)?

10 A 0, yes.

11 Q Did you discuss your coming here for
12 testimony with anyone other than your attorneys?

13 A Yes.

14 Q Who did you discuss it with?

15 A My parents and my wife.

16 Q Okay. And what was the substance of
17 that conversation?

18 MS. MANLEY: With your parents.

19 BY MS. RYALL:

20 Q With your parents.

21 A I expressed that I was asked to come and
22 speak to the CFTC about something going on with JP

1 Morgan. I spent a month or so preparing with Jim
2 and Chris. After I would prepare with them, I'd
3 oftentimes drive to my parents' house and explain
4 how it went and what I was thinking, and generally
5 I expressed that I was nervous but that I knew in
6 my heart that I did nothing wrong.

7 Q Okay. Does either of your parents have
8 a trading background?

9 A No.

10 Q Did you discuss it with anyone else
11 besides your wife and parents?

12 A I did not.

13 Q And did you review any documents today
14 in preparation for testimony?

15 A Yes, I did.

16 Q Okay. And what were those documents?

17 A They were documents provided to me by
18 Jim Benjamin and Chris Egleson. E-mail, Bloomberg
19 Chats that were provided to me, and some trading
20 data of certain days' trading. How I bought and
21 sold throughout the day.

22 Q The IMS that you reviewed, were those

1 your personal IMs?

2 A They were -- yes, when I worked at JP
3 Morgan, they were IMs that I had.

4 Q Okay. And you said you reviewed some
5 trading information related to your trading at JP
6 Morgan?

7 A Yes.

8 Q What form is that in?

9 A Well, (b)(7)(C) did (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4).

16 Q And those trading days that you were
17 reviewing, were they related to the IMs that you
18 reviewed?

19 A Yes.

20 Q Okay. So it was the same days?

21 A Same days.

22 Q Okay. And did you have trading data for

1 all of the IMs that you reviewed?

2 A I'm not sure.

3 Q Okay. Could you tell us about your
4 educational background starting with college?

5 A Sure. I -- I went to the University of
6 Virginia in 1990. I spent four years.

7 Q Is that when you graduated?

8 A No. I started there in 1990.

9 Q Okay.

10 A I graduated in 1994.

11 Q Okay.

12 A With a -- or with an MA in economics and
13 that's -- that's it.

14 Q Okay. And let's see. What did you do
15 after graduating?

16 A Right after graduation, I secured a job
17 with the Republic National Bank of New York. I
18 was a summer intern there prior to my senior year
19 in college, and I was asked to join the management
20 training program of Republic National Bank of New
21 York. I spent a year in the training program or
22 so, and then I secured a position on the precious

1 metals trading desk.

2 Q And was the management training program
3 focused on any particular subject matter or group?

4 A Generally, as I remember it, the
5 management training program was -- the people that
6 were selected were generally sons or daughters of
7 very wealthy individuals to (b)(7)(C) -- that knew
8 (b)(7)(C). I worked in the
9 derivative products group my senior year and did a
10 good job, and they offered me to join that
11 program.

12 So I was one of the few that didn't
13 really have, you know, an "in" there, but what the
14 training program was, was every three months or
15 six months -- and I don't recall exactly the time
16 -- you switched from desk to desk.

17 So I started on the consumer banking
18 side, which was actually like just the bank side
19 of it, and then I got up to the trading floor to
20 the treasury desk, which was asset and liability
21 management. And when I was up on the trading
22 desk, that's when I saw the precious metals group

1 going nuts one day, and I approached them to see
2 if I could secure a job there.

3 Q Okay. And did you do any trading in the
4 training program?

5 A No.

6 Q No?

7 A I did not.

8 Q So after one year, you moved into
9 precious metals trading, and what did you do there
10 at the beginning?

11 A Trying to remember what I did. At first
12 I remember approaching the boss of the group, the
13 two bosses, (b)(7)(C) and (b)(7)(C), and I
14 just told them I really wanted to be a trader at
15 some point in my life. At first I started off in
16 very menial tasks, like ripping off telexes and
17 writing confirmations to clients and more like
18 middle back office type duties, but ultimately
19 within, like, less than a year I secured a job as
20 the assistant to (b)(7)(C), who was the silver
21 trader.

22 And Republic, you know, had a very big

1 precious metals desk. So I was -- that's really
2 where I learned how to trade. I didn't really
3 understand it before then.

4 So I spent a few months with (b)(7)(C) as
5 the assistant silver trader and then, as I recall
6 it, the gold trader, a fellow named (b)(7)(C),
7 went on vacation for two weeks, and they -- they
8 offered me the responsibility of being the gold
9 dealer for those two weeks. And as I remember, I
10 did very well those two weeks, and I was promoted
11 to chief gold dealer.

12 Q Over (b)(7)(C) ?

13 A Yes. It sucked because it was my best
14 friend, to be honest with you, and it was very -it
15 was a very -- that was part of my motivation to
16 -- to leave that place.

17 Q And so when you said you learned to
18 trade on that precious metals desk, was that from
19 (b)(7)(C) ?

20 A (b)(7)(C) was the main -- the main
21 person who -- who showed me how to, you know, how
22 the markets worked and how EFPs worked and how to

1 quote customers and how to generally attain a
2 feeling about where the market is generally
3 heading. So I kind of -- he kind of wrote my
4 beginning playbook, I guess I could say.

5 Q What kind of business did they do at
6 that desk?

7 A They were -- they were -- at that time,
8 as I recall it, they were very big with -- with
9 every community that I can name. The hedge fund
10 community, the producers, middle tier banks,
11 Middle East. They had a very big Middle Eastern
12 following. So as I recall it, sitting next to
13 (b)(7)(C), he was making prices very actively
14 throughout the day, and my responsibility was to
15 get them written down and his -- and what he'd
16 basically do is say, 'CJ, what's my position?
17 Tell me my position.'

18 So I'd have to add up his buys and sells
19 on the futures and his buys and sells in spot, and
20 I'd say, 'You're long this much. You're short
21 this much.' But that's really where I developed
22 a sense of let's figure out where the market may

1 be heading.

2 Q And how did you do that from watching
3 him make prices?

4 A He was -- as I recall it, he was very
5 active and his main mentality was to be super
6 aggressive to see client flow. As I remember it,
7 he would -- he would oftentimes lose on a customer
8 deal, break even. He just wanted to see the order
9 flow, and he was more of like a flow trader, as I
10 remember it. Like if he saw a lot of buyers and
11 sellers or a lot of buyers coming in, he would
12 generally be long. A lot of sellers, he'd
13 generally be short.

14 But he also handed me to watching the
15 charts and technical things, such as trend lines,
16 moving averages, stochastics, things that every,
17 you know, most traders have on their desk in front
18 of them.

19 At certain times if things lined up, I
20 noticed that that was -- his gut. If the
21 technical things lined up and the order flow lined
22 up, that's when he'd tend to have his biggest

1 positions from what I -- I saw and that's kind of
2 how I tried to fashion my own style.

3 Q You say he's super aggressive to see
4 client flow. How do you mean he was super
5 aggressive?

6 A I -- it's -- that is a tough question.
7 I'd say a lot of dealers have client flow
8 regardless of how aggressive they are. They just
9 make a bid and offer. It's very wide, but his
10 mentality was, 'We want to capture this client
11 flow. So we're going to make the tightest price
12 out there. We're going to be super aggressive.
13 We're not too concerned if we make or lose on that
14 individual deal, but net net the more business you
15 see, the better you'll do.'

16 And that's kind the whole agenda that I
17 thought that they put in place.

18 Q So when you say client flow, are those
19 clients that the bank already had that are coming
20 in to them for to be a counterparty?

21 A Both.

22 Q Okay.

1 A Clients that they already had and
2 clients that they were trying to entice to trade
3 with them.

4 Q So they tried to make the best price to
5 get people to come to them?

6 A Be the most aggressive. Make the best
7 price. Be the fastest price and that way clients
8 will remember you and come back to you.

9 Q Okay. You said also working on that
10 desk at the time was [REDACTED]?

11 A Yes.

12 Q Okay. And what was he doing then?

13 A As I recall it, [REDACTED] and [REDACTED] were the
14 two senior traders on the group. [REDACTED] ran
15 basically the spot side of it, as I remember, and
16 [REDACTED] ran the forwards, the forward book.
17 Overseeing it all was a gentleman named [REDACTED]
18 [REDACTED], who was, you know, the global head of
19 metals, but [REDACTED] was focused on the forward side of
20 it and I remember hearing that he'd come from the
21 Citibank vault and that's -- and that was his job
22 right before he joined Republic.

1 Q Did you work with him -A

2 Yes.

3 Q -- at that bank? And what did you do
4 for him?

5 A I didn't -- I didn't have any
6 responsibility under him.

7 Q Did you get involved in his trading at
8 all?

9 A No.

10 Q So how long was it before you took over
11 that gold desk?

12 A I believe it was -- I graduated in 1994.
13 I don't know the exact date. I know I started at
14 Morgan Stanley in June of '96. So it was -- it
15 was around a year and a half. I think I had the
16 gold job for about three to six months and that's
17 -- that was when I left.

18 Q And what did that job comprise?

19 A That job comprised -- it was twofold.
20 It was making markets to clients and taking risk
21 on behalf of Republic's account.

22 Q And approximately how much of each was

1 your positions or your book?

2 A That's a difficult question. Thinking
3 back, you know, that's a hard thing to answer
4 because they're kind of very intertwined and
5 connected. Even if I had a small position,
6 oftentimes it was to give liquidity to a client.
7 But I know my main focus at that point was always
8 knowing where the market was so I can make a quick
9 sharp price, and obviously I was a young kid.

10 So I wasn't taking too much risk, but to
11 give a percentage-wise of which was which, I don't
12 know. But I would assume making markets was more
13 of a priority than trading my own position.

14 Q Were you trading spot or forwards or
15 futures?

16 A Spot and futures.

17 MR. BENJAMIN: Did you trade options
18 back then?

19 THE WITNESS: No.

20 BY MS. RYALL:

21 Q And you said you were there three to six
22 months. What happened that caused you to leave?

1 A As I -- as I remember it, you know,
2 obviously I think I stated in my testimony earlier
3 that my best friend on the desk was (b)(7)(C),
4 and so that was kind of a difficult situation
5 where they promoted me over him, but in general I
6 recall Morgan Stanley approached me and offered me
7 almost double the money to come there and trade as
8 their chief silver dealer. And as I remember it,
9 it wasn't even debatable. It was a great
10 opportunity.

11 Q How did it come about that they
12 approached you?

13 A A guy named (b)(7)(C) -- (b)(7)(C)
14 (b)(7)(C) is his exact name -- was their gold trader
15 at that time. They had a silver trader, as I
16 remember it, named (b)(7)(C) and apparently
17 their silver business didn't, as he described it
18 as I recall, didn't have too much of a presence in
19 the market, and Republic always had a big presence
20 in silver because of Scott.

21 So I guess the best way to describe it
22 is it was a very small community of, like, eight

1 or so dealers or banks that knew each other, and I
2 was a young kid that they knew and they just
3 approached me to take that job. So (b)(7)(C)
4 approached me. We went out a few times and
5 ultimately I did a series of interviews with his
6 bosses and secured an opportunity there.

7 Q When you said they didn't have a big
8 presence in silver, what does that mean?

9 A I'd just say that Republic was very -and
10 I used the word loosely earlier -- Republic
11 was very aggressive in trying to bring in clients,
12 and they saw a lot more business in the silver
13 market. So as I was told, this girl (b)(7)(C) was not
14 very aggressive and clients were upset with the
15 silver pricing. So that's what I was told, that's
16 what I remember, and they wanted somebody to step
17 in there and -- and really make -- make sharp
18 aggressive prices.

19 Q You said (b)(7)(C) was your best
20 friend on the desk at Republic. Did you -- did
21 you have a friendship with Mr. (b)(7)(C)?

22 A I would say no.

1 Q Did you ever socialize with him?

2 A Only in the setting of, like, the desk
3 going out for, like, dinner or something like
4 that.

5 Q Okay. So you left and went to Morgan
6 Stanley in June of 1996?

7 A Yes.

8 Q Okay. And how long were you there?

9 A I was there for 10 years.

10 Q And so you started out as the chief
11 silver trader?

12 A Yes, in the New York time zone.

13 Q And so what were you doing in that
14 position?

15 A Again, my job was twofold. I recall my
16 first priority was to always know where the market
17 is so you can make aggressive prices, and as I
18 remember them saying, 'We want you to build our
19 presence in this market,' which is bring customers
20 in the door by being a sharp, quick pricer of spot
21 silver. So that was one aspect.

22 The other aspect was trading, again, on

1 behalf of Morgan Stanley's account.

2 MR. SMITH: When you say trading on
3 behalf of Morgan Stanley's account, do you mean
4 prop trading?

5 THE WITNESS: It's kind of a loose term.
6 I would say you're taking risk. You could take a
7 view for a week or a day or intraday, but I guess
8 it could all be described as prop trading. I'm
9 not sure of the exact definition of it but -

10 MR. BENJAMIN: But you mean you were
11 trading with Morgan Stanley's capital?

12 THE WITNESS: With Morgan Stanley's
13 capital.

14 BY MS. RYALL:

15 Q And in that position, at the beginning
16 how much of your business was client versus the
17 prop trading?

18 A See, again, I think that's very
19 difficult because they're very connected. Like,
20 first of all, my main thing was to know where the
21 market is all day. You've got to know because at
22 any time somebody can ask you a question. 'Give

1 me a price on a million ounces' or something. So
2 you got to know that. So you're on top of the
3 market all day but with that, you generally have a
4 view and a position, small or medium size or large
5 and, you know, one really feeds off the other.

6 You know, if I'm long and a customer
7 asks for a price, I'm generally going to be a
8 better offer because I want him to buy from me
9 just so I can, you know, keep my position tight.
10 So I don't think there's a percentage I could use
11 to define that. I think they're very
12 interconnected.

13 Q What were you trading there?

14 A At Morgan Stanley? As I recall it, for
15 the first three to six months -- three to six
16 years, rather, three to five years, first three
17 years was just silver. Straight silver.

18 Somewhere -

19 MR. BENJAMIN: When you say straight
20 silver, you mean what?

21 THE WITNESS: Futures and -- futures and
22 spot silver.

1 BY MS. RYALL:

2 Q Options?

3 A I did not trade options.

4 MR. BENJAMIN: In that time period?

5 THE WITNESS: In that time period. Now,

6 at some point -- and I don't recall the dates at

7 all -- (b)(7)(C), (b)(7)(C), the guy

8 that met with me to bring me over, he had left to

9 go to, like, a hedge fund or something or Sempra I

10 believe he went to. I took his job -- his

11 responsibilities as well as my own.

12 So now somewhere between three and five

13 years, I was not only the silver trader, I was the

14 gold and silver trader and that's where I started

15 trading gold and silver spot and futures. And

16 then towards the end of my tenure, the last three

17 or four years, I started trading a little more

18 proprietarily in some other instruments like

19 foreign exchange.

20 I may or may not -- I may have traded

21 some energy, but it was all more of, like, on a

22 proprietary basis, but ultimately my main focus

1 for those 10 years was silver, then silver and
2 gold.

3 BY MS. RYALL:

4 Q And it was always spot and futures?

5 A Spot and futures. I did trade options
6 toward -- I did trade gold and silver options my
7 last few years. After I became the chief dealer.

8 Q Did you ever trade forwards?

9 A I don't -- I never ran a forward book,
10 but there were times -- oh, I did -- I did run the
11 silver forward book my first couple years, but it
12 was a very small book, as I remember it. But I
13 would make markets if a customer -- there was a
14 forward trader at Morgan Stanley that ran a
15 forward book, but if a customer wanted to match up
16 a date or roll out a trade for, like, one week to
17 one month, I would just make the price because,
18 you know, the P&L was pretty inconsequential.

19 So short-term forwards I would make
20 markets, as I recall, from time to time, but
21 generally I ran no forward book or no forward
22 position.

1 Q And you said that your main focus, your
2 main job was to know where the market is all day?

3 A My main job was to -- to make money and
4 to give good pricing to clients.

5 Q Okay. So you were focusing on where the
6 market was to try to make good pricing?

7 A Yeah, and to kind of know where -- well,
8 to develop an opinion where the market is going,
9 but always the main priority was to know where it
10 is. So, you know, back then, as I recall,
11 customers were very active. So you had to be
12 ready to make a price. You know, you could be
13 walking into the bathroom and somebody would ask
14 you for 2 million ounces. You had to know where
15 it is. So -Q

16 How did you know where it was? What did
17 you do?

18 A As I remember, back then it was open
19 outcry. It was the COMEX, pits. I had two
20 brokers in silver. Two brokers in gold. As I
21 remember, they were on the opposite sides of the
22 pit, and I had four speaker boxes on my desk

1 constantly. And they're and, you know, there was
2 a clerk and a broker and the clerk's job was to
3 constantly quote the market. 30 bit of 40, 30 bit
4 of 40, 40 bit of half, half straight, 60 bit of
5 70, and that's all day.

6 So even if I was on the other side of
7 the pit, I would know where the mark -- I mean,
8 even if I was walking or talked to my boss, I
9 would always know where it was.

10 MR. BENJAMIN: You said the other side.
11 You mean the other side of the trading floor?

12 THE WITNESS: The other side of the
13 trading floor. I mean, it was loud speakers in
14 your face before it went -- became electronic.

15 BY MS. RYALL:

16 Q You mean Morgan Stanley's trading floor?

17 A Yes.

18 Q Okay. So it was on the open outcry box
19 or it was boxes you could hear?

20 A It was on boxes. Like it was, like,
21 annoying. It was like people just, yeah, it was
22 constantly pricing from 820 to 120 or whatever it

1 was.

2 Q Okay. And so what -- how did you end up
3 leaving Morgan Stanley?

4 A As I remember it, I left Morgan Stanley
5 in 200 -- right after the end of 2005. Well,
6 after my bonus. Early 2006. In 2005 I was
7 approached by JP Morgan to join their group and at
8 the same time, Morgan Stanley was thinking about
9 moving their trading -- their metals traders to
10 London. So that's why I left. I didn't want to
11 go to London with my family.

12 Q Did anyone that you worked with at
13 Morgan Stanley also work at Republic with you?

14 A No, I don't believe so.

15 Q Okay. And who approached you from JP
16 Morgan to join their group?

17 A A gentleman named (b)(7)(C). He worked
18 with me at (b)(7)(C)
19 years. He was (b)(7)(C) while I was on the
20 spot side of the business, and he (b)(7)(C)
21 (b)(7)(C)
22 (b)(7)(C) -

1 (b)(7)(C).

2 Q He was in New York?

3 A He was in -- I'm trying to remember
4 because he's been going back between London and
5 New York. Yes, when he approached me, he was in
6 New York. Yes.

7 Q And he approached you to join the prop
8 group?

9 A He approached me to (b)(4)

10 (b)(4)

11 (b)(4)

12 Q Did they have a spot trader then?

13 A (b)(4)

14 (b)(4); (b)(7)(C) I believe

15 she just graduated college. (b)(4)

16 (b)(4)

17 (b)(4).

18 Q Okay. And was that spot in which
19 metals?

20 A Gold and silver. Futures and spot.

21 Q And who was your supervisor when you
22 went to JP Morgan?

1 A [REDACTED]

2 Q Did you know anyone or familiar with
3 anyone at JP Morgan before you went there?

4 A I had met -- as I stated before in my
5 testimony, it was a very small community. So I
6 had met [REDACTED] a few times at, like, a broker
7 function or something, but generally I recall just
8 [REDACTED] was my -- my only kind of close contact.

9 Q And so when you started at JP Morgan,
10 what were you doing in your trading? You're spot
11 and futures, but what was the business?

12 A The business was, as I remember it, was
13 -- it was still open outcry. I mean, that was [REDACTED]
14 [REDACTED], but
15 open outcry was still the way to execute futures.
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED].

20 MR. BENJAMIN: And were you trading
21 precious metal options from the beginning of your
22 tenure at JP Morgan?

1 THE WITNESS: I don't remember, to be
2 honest. I think I did, though. (b)(4)
3 (b)(4)
4 (b)(4). So I would
5 assume I did in my early times at JP.

6 BY MS. RYALL:

7 Q What was your title at JP Morgan when
8 you got there?

9 A I was hired as a vice president.

10 Q Did that ever change while you were
11 there?

12 A Yes. I was promoted to executive
13 director. Well, when I first got there, it just
14 went -- (b)(4)

15 (b)(4)
16 (b)(4)
17 (b)(4)
18 (b)(4)
19 (b)(4)
20 (b)(4).

21 Q And when you went to JP Morgan, what was
22 the compensation agreement?

1 A (b)(4); (b)(6); (b)(7)(C)

2 (b)(4); (b)(6); (b)(7)(C)

3 (b)(4); (b)(6); (b)(7)(C),

4 (b)(4); (b)(6); (b)(7)(C)

5 (b)(4); (b)(6); (b)(7)(C).

6 Q How did that compare to what you made at

7 Morgan Stanley?

8 A (b)(6); (b)(7)(C). I

9 think my last couple years at Morgan Stanley, I
10 made between (b)(6); (b)(7)(C) in the last couple
11 years.

12 Q We'll come back to JP Morgan and talk

13 about that in more detail later.

14 A Okay.

15 Q But when did you leave JP Morgan?

16 A I left JP Morgan in late 2009. I

17 believe it was middle November 2009.

18 Q Okay. And what were the circumstances

19 of your leaving there?

20 A (b)(4); (b)(6); (b)(7)(C).

21 Q What does that mean?

22 A As I -- as I remember, (b)(4); (b)(6); (b)(7)(C)

1 (b)(4); (b)(6); (b)(7)(C)

2 (b)(4); (b)(6); (b)(7)(C)

3 (b)(4); (b)(6); (b)(7)(C)

4 (b)(4); (b)(6); (b)(7)(C)

5 (b)(4); (b)(6); (b)(7)(C)

6 (b)(4); (b)(6); (b)(7)(C)

7 (b)(4); (b)(6); (b)(7)(C)

8 (b)(4); (b)(6); (b)(7)(C)

9 Q Okay. And what happened after you left

10 JP Morgan?

11 A I remember taking a few months off just

12 to, you know, be with my family and stuff, and

13 then I was approached by a headhunter that said

14 Credit Suisse wanted to talk to me.

15 Q Uh-huh.

16 A And then I spoke with them and secured a

17 job with them starting in March or April. I don't

18 remember, but three or four months.

19 Q Of 2010?

20 A 2010.

21 Q Are you still there today?

1 Q Okay. When did you leave there?

2 A (b)(4); (b)(6); (b)(7)(C)

3 (b)(4); (b)(6); (b)(7)(C) -- in the summer.

4 I don't -- I don't recall the date. I think it
5 was June.

6 Q And why (b)(4); (b)(6); (b)(7)(C)?

7 A As I remember, I was -- I was told that

8 -- (b)(4); (b)(6); (b)(7)(C)

9 (b)(4); (b)(6); (b)(7)(C)

10 (b)(4); (b)(6); (b)(7)(C).

11 Q What was your position at Credit Suisse?

12 A I was a director and unofficially I was
13 basically the chief -- chief dealer for gold and
14 silver.

15 Q What was their business in gold and
16 silver?

17 A Their business. The thing I remember
18 about being hired there was that they wanted to
19 build a presence in these markets. So I think
20 their business was less developed than Morgan
21 Stanley and JP Morgan, and I was -- I was told, as
22 I remember, that I was hired to come in and build

1 it up.

2 Q And so what did you do when you got
3 there?

4 A (b)(4); (b)(6); (b)(7)(C)

5 (b)(4); (b)(6); (b)(7)(C). I traded gold, silver and I
6 proprietarily traded PGMs, platinum group metals,
7 I proprietarily traded foreign exchange, as well
8 as energy.

9 Q You said you proprietarily traded PGMs?

10 A Yeah.

11 Q You didn't have a client business in
12 PGMs?

13 A They had a client business but, as I
14 remember, I wasn't responsible for making the
15 general prices to clients in that market -- those
16 markets. There was a guy in London that would
17 stay during New York hours, but I know I made some
18 prices. Like if he was not there or off the desk
19 or whatever, but that was not under my umbrella of
20 responsibility.

21 Q So what was under your responsibility?

22 A Gold and silver, market making and

1 trading on behalf of Credit Suisse. Again,
2 twofold.

3 Q And what were you trading there?

4 A Spot, futures, options.

5 Q Who were your spot clients?

6 A Spot clients?

7 Q This is general categories.

8 A General? Like, I don't want to leave

9 anybody out of the list. But hedge funds, other
10 banks. The proprietary trading groups at other
11 banks like prop groups as we call them. There was
12 a Credit Suisse Private Bank that had clientele.
13 Producer. I don't know if I ever did a trade for
14 a producer, but that's a category that's, you
15 know, that these trading desks market very
16 aggressively.

17 I don't -- I don't recall we ever did a
18 producer deal, but producers. So, like, those
19 would be the main categories that I think.

20 Q What did you use the futures for there?

21 A Taking risk or hedging transactions.

22 MR. BENJAMIN: Hedging customer

1 transactions?

2 THE WITNESS: Customer transactions.

3 BY MS. RYALL:

4 Q And what of the options?

5 A Options? Generally, as I remember, I

6 tend to use options for, like, my medium term

7 views. You know, where I think a market is going

8 in the next month or three months and I kind of

9 try to separate that like from day-to-day, you

10 know, buying on dip, selling on rally. So options

11 I would use for kind of, let's say, macro, even

12 though it's usually my optionality was three

13 months, but let's say three-month type views.

14 One- to three-month type views.

15 Q So that was your proprietary trading?

16 A That would go on a proprietary trading

17 book, yes.

18 Q And so what were your risk parameters, I

19 guess, as you understood them when you got there?

20 A That's -- that's really very difficult

21 to answer. I was hired by a lady named (b)(7)(C)

22 (b)(7)(C), who as I understood it was -- was a

1 (b)(7)(C)

2 (b)(7)(C)

3 , and I do recall during
4 our interview process she wanted me to come in and
5 really kind of -- I remember the term 'swing a big
6 bat, build the presence' like 'let's put us on the
7 map type thing.' That was the general theme.

8 She took a lot of risk, a lot more than
9 me but my -

10 Q What did she trade?

11 A She traded everything. Similar.

12 Q Precious metals?

13 A Precious metals. Yeah. Precious

14 metals, spot, futures, options, as well as foreign
15 exchange, PGMs and energy. But as I remember it,
16 my parameters during my hire were to come in and
17 take risk and provide great liquidity to clients.
18 Try to build the presence. That's -- that's the
19 way -- that's the reason I joined. It sounded
20 like a great opportunity. But in terms of my
21 position sizes there? Was that your original
22 question?

Q What was your understanding of your risk

1 parameters when you got there? Did they give you
2 anything in writing?

3 A The problem was -- they may have. I
4 don't remember. Honestly, I don't remember. When
5 (b)(7)(C) -- like when (b)(7)(C) was there, she -- she
6 apparently -- and this is -- this was the reason
7 that it really didn't go so great. I was the only
8 guy in New York. Everybody else was in London.
9 So when I first got there, I'd talk to her every
10 day and tell her what I had on.

11 She -- she was down a lot of money, as I
12 remember it, and apparently (b)(6); (b)(7)(C)
13 (b)(6); (b)(7)(C), and then
14 she lost a lot of -- a lot of money after that, as
15 I was told. I mean, I saw her P&L, but I don't
16 know if it's correct.

17 She was down over -- well over \$20
18 million. So I didn't report to her after that,
19 but when she was there, I told her every risk that
20 I had on. Everything.

21 MR. BENJAMIN: (b)(6); (b)(7)(C)
22 (b)(6); (b)(7)(C), as far as you know?

1 THE WITNESS: As far as I know, (b)(6); (b)(7)(C)

2 (b)(6); (b)(7)(C).

3 BY MS. RYALL:

4 Q Was she based in London?

5 A She was based in London. And then I
6 didn't really have a direct report that I was told
7 of, as I remember, but I was sitting near a guy
8 named (b)(7)(C), who ran the index trading for
9 them. So my trading was pretty much the same type
10 sizes, you know, that I've always used day-to-day
11 but, you know, generally I recall when I get a
12 big, big view, I take a big position.

13 Three to five times a year I take a real
14 position and, as I remember it, the market dipped
15 aggressively, you know, the market dipped very
16 fast in gold and silver and platinum and
17 palladium, and I took a sizable position in those
18 markets.

19 Q At the dip or before the dip?

20 A Scaled down but generally I bought the
21 dip. My average price was lower than where it was
22 when the market started. I represented this

1 position. I told (b)(7)(C). I told the guys in
2 London and -- and, as I remember it, the next
3 morning I came in and they said, 'You're way -you
4 went too big. We're going to liquidate your
5 position.'

6 Q When was this?

7 A This was in -

8 Q Do you remember the date?

9 A -- June. I don't remember the date. It
10 was in June. And I remember speaking to (b)(7)(C).
11 It was like -- to me it was shocking because (b)(7)(C)
12 said, 'Nobody has given you parameters. You told
13 me you took' -- I mean, this is what I remember.
14 'You told me you did this and now they want me to
15 stop you out. Just go take a couple days off.'
16 So I went and took a couple days off. I
17 came back in and they said, 'We're going to review
18 your trading. You're on leave.' And to me it
19 was just shocking. So I was very upset about
20 that, you know. I really wanted that opportunity
21 to work.

22 Q So what happened overnight? I mean, did

1 your book go into negative?

2 A No, it didn't. I think the way I -- as
3 I remember it, the market stayed pretty stable
4 overnight, and it was falling a big dip. I think
5 it went up early overnight, as I remember. I'm
6 not sure. I think it went up and then it was back
7 down about where I went home with my positions.
8 And the next morning I walked in and [b](7)(C) said,
9 'Just go take a break. We're going to liquidate
10 your positions.'

11 And I was just, like, blindsided. I
12 was, like, what -- you know, 'This is exactly what
13 I told you I did.' This is a great opportunity
14 to have a big position. So the exact thing that I
15 was told when [b](6); (b)(7)(C), that I exceeded my
16 bar limits and I didn't listen to my -- to [b](7)(C)
17 [b](7)(C), who ran the group.

18 And what I said, I said first I reported
19 to [b](7)(C), then I reported to [b](7)(C). I told
20 everybody what I was doing. You know, I had
21 several different levels of communication. So, I
22 mean, it was just not a good experience in

1 general.

2 Q So what was the big position in?

3 A It was in gold, silver, platinum,
4 palladium. I think the majority was in -- I went
5 long silver. These are rough numbers. I believe
6 I went long 2 to 3 million ounces silver and I
7 went long platinum, palladium.

8 Q And this is futures?

9 A I don't remember. I mean, it's futures
10 and spot. So whatever. I mean, it's -- I trade
11 both of them.

12 Q And you said the man you sat next to was

13 (b)(7)(C)?

14 A Yeah. Well, he sat two seats away from
15 me. To represent, (b)(7)(C)'s assistant sat right
16 here and then where Chris Egleson sits was (b)(7)(C)
17 (b)(7)(C).

18 Q And he traded index?

19 A He traded index.

20 Q Okay. And did you do any trading with
21 him?

22 A I believe I did a few trades with him

1 where he traded -- where the index would
2 oftentimes have something to do at the end of the
3 day, and he'd say -- I don't remember the amount
4 or quantity or the price or the commodity, but 'I
5 need to buy a hundred lots on the close. I need
6 to do this on the close.' And I'd say, 'No
7 problem. I'll take care of it,' and I would try
8 to fill them better than closing price.

9 Q What index was he trading?

10 A I guess there's GSCI in general the desk
11 tried to replicate. So, I mean, obviously we're
12 not -- they weren't Goldman Sachs, but it was the
13 GSCI traders from what I understand.

14 Q Okay. Did you ever have any
15 disciplinary actions at any of the previous jobs
16 that you had?

17 A (b)(4); (b)(6); (b)(7)(C).

18 Q Any times that you were told you
19 exceeded your limits at any firms?

20 A (b)(4); (b)(6); (b)(7)(C).

21 Q So going back to JP Morgan, which group
22 were you in?

1 A I was in the commodities group.

2 Q And you said (b)(7)(C) was your
3 supervisor. He was responsible for your
4 evaluations?

5 A Can I just go back to that last
6 question?

7 Q Uh-huh.

8 A (b)(4)
9 (b)(4)
10 (b)(4)
11 (b)(4)
12 (b)(4)
13 (b)(4)
14 (b)(4)
15 (b)(4)
16 (b)(4) (b)(7)(C)
17 (b)(7)(C).

18 Q Okay. And he was responsible for your
19 evaluations?

20 A (b)(4)

21 Q Did you get evaluated yearly?

1 Q Those were in writing?

2 A (b)(4)

3 Q And who was responsible for your
4 compensation decisions, your bonus?

5 A (b)(4)

6 (b)(4) (b)(7)(C)

7 (b)(7)(C) and, (b)(4)

8 (b)(4)

9 (b)(4) (b)(7)(C)

10 Q How do you spell his last name?

11 A (b)(7)(C).

12 Q Okay.

13 A Like I said, (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Maybe I'm saying too much, but (b)(4)

18 (b)(4) and I was upset, upset that I might lose

19 some responsibility, and (b)(4)

20 (b)(4).

21 Q What was that package?

22 A (b)(6); (b)(7)(C)

1 (b)(6);
(b)(7)(C) . That was in 2008.

2 Q So that was salary and guaranteed bonus?

3 A Yes.

4 Q And how was that payable? Cash or stock

5 or -

6 A (b)(4); (b)(6); (b)(7)(C)

7 (b)(4); (b)(6); (b)(7)(C)

8 (b)(4); (b)(6); (b)(7)(C)

9 (b)(4); (b)(6); (b)(7)(C)

10 (b)(4); (b)(6); (b)(7)(C)

11 Q Did you lose any stock when you left JP

12 Morgan?

13 A No.

14 Q So other than (b)(7)(C), did you have

15 any direct contact with any other supervisors?

16 A (b)(7)(C).

17 Q Okay. And where was he?

18 A When I joined, he was in Singapore.

19 Q Uh-huh.

20 A And then at some point, he moved to

21 London.

22 Q And so then what was his involvement in

1 your day-to-day?

2 A (b)(7)(C) and I were very close in terms of

3 (b)(4). So yes.

4 (b)(7)(C). (b)(4)

5 (b)(4). But

6 day-to-day we would speak. I mean, it's hard to
7 answer. We'd speak sometimes one time, sometimes
8 20 times a day, you know, but we were -- we were
9 close.

10 Q You talked about the metals markets?

11 A All markets. Generally the way I

12 recollect is (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q And what was your daily contact with

18 (b)(7)(C)? (b)(7)(C)?

19 A I sat right next to him. I know it's
20 spelled that way. I did that for a while.

21 I sat right next to him. I mean, (b)(7)(C)

22 and I were pretty close. We had -- (b)(6); (b)(7)(C)

1 (b)(6); (b)(7)(C)

2 (b)(6); (b)(7)(C)

3 (b)(6); (b)(7)(C). So we were pretty close. (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C)

7 (b)(6); (b)(7)(C).

8 Q Did you -A

9 (b)(6); (b)(7)(C).

10 Q -- talk to him about the markets during
11 the day?

12 A (b)(4)

13 (b)(4) but, as I remember it, (b)(7)(C)

14 was -- (b)(7)(C) was very different from me in his
15 styles.

16 Q What do you mean by that?

17 A I mean, he was just, like, the most
18 organized guy in the world. You know, I was
19 spilling coffee on a keyboard four times a day. I
20 still had a pad and paper to write down my
21 positions, and I was generally like a lunatic and
22 he was generally like just cool and calm. So -

1 Q And just for the record, could you spell

2 his last name?

3 A (b)(7)(C).

4 Q (b)(7)(C)?

5 A (b)(7)(C).

6 Q (b)(7)(C)?

7 A Correct. I did that a bunch of times.

8 Q Did you trade other commodities at JP

9 Morgan?

10 I don't know if I asked you. You said

11 you traded FX and energy at Credit Suisse. Did

12 you trade other commodities other than precious

13 metals -

14 A (b)(4).

15 Q -- at JP Morgan?

16 A (b)(4).

17 Q Okay. And what did you trade?

18 A (b)(4).

19 Q And was that also in a prop book?

20 A (b)(4).

21 MR. BENJAMIN: Was that -- excuse me.

22 Was that over time?

1 THE WITNESS: (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 MR. BENJAMIN: And (b)(4) ?

6 THE WITNESS: (b)(4) .

7 BY MS. RYALL:

8 Q What do you mean towards the end? How
9 many years?

10 A Well, like when I first walked in, I

11 was, I mean, totally focused on (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4).

2 I mean, (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4). Generally that's the way I recall
7 it, but the world really changed in the fact that
8 the computers took over and things generally, as I
9 remember it, moved together.

10 Q So what did you mainly look at in terms
11 of understanding where silver or gold was going?

12 A That's a good question. (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4).

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q And what was that based on, (b)(4)

9 (b)(4)?

10 A I mean, that's a hard thing to define.

11 I mean, I got to tell you. I mean, if you watch

12 these things for 14 years or 15 years, like, (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4).

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4).

5 Q So did you rely on fundamentals at all?

6 A I'd say this. (b)(4)

7 (b)(4) in my

8 opinion. Here's what I'd say. I mean, (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4).

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4).

9 Q How much?

10 A (b)(4).

11 Q Okay.

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4).

1 Q And so when you talk about ETF, what -is
2 that exchange-traded funds?

3 A Yeah.

4 Q Okay.

5 A It's called GLD and SLV.

6 Q Okay.

7 A Okay? So GLD is basically a 10th of the
8 price of gold. So I guess it would be \$120 right
9 now, whatever, but it tracks the gold price. I
10 know Barclays put it out. I don't know the exact
11 fundamentals of how it works, but (b)(4)
12 (b)(4)
13 (b)(4)
14 (b)(4).

15 Q Okay. Did you supervise anyone while
16 you were at JP Morgan?

17 A Did I supervise anyone? (b)(4); (b)(7)(C)

18 (b)(4); (b)(7)(C)

19 (b)(4); (b)(7)(C)

20 MR. BENJAMIN: This is when you arrived?

21 THE WITNESS: When I arrived. (b)(7)(C)

22 (b)(7)(C) was a recent graduate of college, and he

1 (b)(4); (b)(7)(C)

2 (b)(4); (b)(7)(C), and then (b)(7)(C) moved to London midway

3 through that experience and a fella named (b)(7)(C)

4 (b)(7)(C) (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 BY MS. RYALL:

10 Q Anyone else?

11 A Not that I recall.

12 Q So what have you been doing since Credit

13 Suisse?

14 A Spent a lot of time with Jim and Chris.

15 Been playing some golf. No. I've been really

16 just spending time with my family. That's it. I

17 have three little kids and just been very involved

18 with their lives.

19 Q So you're not employed at the moment?

20 A I'm not employed.

21 Q We've kind of touched on this, but I'm

22 going to go back to JP Morgan. What was the

1 business of the group that you were in?

2 A The business of the group was to, again,

3 I think generally (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4).

7 MR. BENJAMIN: In those markets?

8 THE WITNESS: In those markets.

9 BY MS. RYALL:

10 Q You said (b)(4)?

11 A Yeah, and as I remember, there were some

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 Q Okay. So you were (b)(4)

21 (b)(4)? You personally?

22 A (b)(4)

1 Q (b)(4)?

2 A (b)(4).

3 Q And who were those?

4 A (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4).

9 MR. BENJAMIN: And that's (b)(7)(C)?

10 THE WITNESS: (b)(7)(C), (b)(7)(C), and

11 their groups.

12 BY MS. RYALL:

13 Q And what do you mean by (b)(4)?

14 A (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 Q (b)(4)

21 (b)(4)

22 A (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4); (b)(7)(C)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 MR. BENJAMIN: You meaning Chris Jordan?

10 THE WITNESS: Chris Jordan. (b)(4)

11 (b)(4), but generally it's hard to

12 differentiate. I mean, (b)(4)

13 (b)(4) you try to do your best, you know.

14 So -- but (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4).

20 BY MS. RYALL:

21 Q So you were (b)(4)

22 (b)(4)?

1 A Correct.

2 Q Okay.

3 A That's the best way to describe it.

4 Thank you for that.

5 Q And then what did you do after you made
6 a deal with them?

7 A (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 Q And on EBS, you said you (b)(4)?

17 A EBS is a thing called Electronic

18 Brokerage Service where banks -- I think it's only

19 banks -- can sign up, have a credit line, and they

20 can put spot bids and offers in there. And that's

21 obviously a little different than the futures

22 because there's an EFP associated. So there's

1 always a difference between spot and futures.

2 Q What do you mean there's an EFP
3 associated?

4 A EFP stands for Exchange For Physical.

5 Q Uh-huh.

6 A So the futures are -- unless the EFP is
7 -- they can only be the same price if the EFP is
8 trading exactly flat.

9 MR. BENJAMIN: They being the physical
10 and the futures?

11 THE WITNESS: Spot and futures. But if
12 the EFP is plus or minus, then there's going to be
13 a difference between spot and futures, but what I
14 can say is that.

15 BY MS. RYALL:

16 Q What does that have to do with EBS?

17 A EBS -- well, because (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q By looking at the EFP?

2 A Just look. You can just look at EBS and
3 see where the spot market is.

4 Q Oh, okay.

5 A But generally what I would say is that

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4).

11 MR. BATTAGLIA: Can you execute on the
12 EBS system or is it primarily for market?

13 THE WITNESS: (b)(4)

14 (b)(4)

15 (b)(4)

16 BY MS. RYALL:

17 Q Is it physical delivery?

18 A It's two days. Two days value physical
19 spot delivery.

20 MS. MANLEY: So for the record, why
21 don't you just take us through an example.

22 Pretend you had a client who, you know, either

1 bought or wanted to buy or sell something from
2 you. Can you just take us through the examples
3 how you performed your duties?

4 MR. BENJAMIN: An external client first,
5 I think.

6 THE WITNESS: Okay. Best way to
7 describe it. (b)(4)
8 (b)(4) -

9 MS. MANLEY: Now, let me stop you. (b)(4)
10 (b)(4) ?

11 THE WITNESS: (b)(4)
12 (b)(4) -

13 MS. MANLEY: Okay. Gold meaning spots
14 or futures?

15 THE WITNESS: I'm saying (b)(4)
16 (b)(4) .

17 BY MS. RYALL:

18 Q Which means (b)(4) ?

19 A Correct. (b)(4)
20 (b)(4)
21 (b)(4)
22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 MR. BENJAMIN: And you don't know which?

7 THE WITNESS: (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 MR. BENJAMIN: Would it be helpful just
19 to run through an example of an internal order
20 from somebody like -

21 THE WITNESS: Sure.

22 MR. BENJAMIN: -- (b)(7)(C)

1 (b)(7)(C) and you can just describe it if it's at all
2 different how the process might work?

3 THE WITNESS: Yeah. Hard to describe.

4 With a guy like (b)(7)(C) who traded, (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4). You know, that's the way I
9 was thinking.

10 (b)(4)

11 (b)(4) (b)(7)(C), (b)(4)

12 (b)(4)

13 MR. BENJAMIN: So he would tell you the
14 direction?

15 THE WITNESS: (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

23 (b)(4)

1 (b)(4) .

2 So -- (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) .

8 (b)(4) (b)(7)(c) (b)(4)

9 (b)(4)

10 (b)(4)

11 Now, I would -

12 MR. BENJAMIN: When you say (b)(4)

13 (b)(4), you mean (b)(4) ?

14 THE WITNESS: (b)(4) .

15 MR. BENJAMIN: (b)(4) on the futures

16 exchange?

17 THE WITNESS: Now, (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)
2 (b)(4)
3 (b)(4)
4 (b)(4)
5 (b)(4)
6 (b)(4)
7 (b)(4)
8 (b)(4)
9 (b)(4)
10 (b)(4)
11 (b)(4)
12 (b)(4)
13 (b)(4)

14 MS. MANLEY: So just a general question.
15 If I understand you correctly, did you in effect
16 (b)(4) for Mr. (b)(7)(C) ?

17 THE WITNESS: Yes.

18 MS. MANLEY: Did he ever engage in his
19 own futures trading or hedges?

20 THE WITNESS: I'm not sure, to be
21 honest, is the answer, but at the end I know (b)(4)
22 (b)(4)

1 (b)(4)

2 MS. MANLEY: Okay.

3 THE WITNESS: But generally from what I
4 recall, he traded spot.

5 MS. MANLEY: And did Mr. (b)(7)(C) trade
6 spot with clients or was he a proprietary trader?

7 THE WITNESS: He was proprietary
8 trading.

9 MS. MANLEY: Thank you.

10 MR. BATTAGLIA: With that example that
11 you just gave with Mr. (b)(7)(C), would that be before
12 the markets went electronic and were much more
13 liquid or would that be after or either?

14 THE WITNESS: Both.

15 MR. BATTAGLIA: Both. Okay.

16 THE WITNESS: But I would say that,
17 like, he did more business with me as time went on
18 because he felt that I did a good job for him.

19 BY MS. RYALL:

20 Q How many other metals traders were on
21 the desk with you at JP Morgan before Bear Stearns
22 and then after?

1 A Sure. Do you want in New York -Q

2 Yeah, in New York.

3 A -- or do you want globally? Okay. In

4 (b)(4) (b)(7)(C) (b)(4)

5 (b)(4)

6 Q This is before Bear Stearns?

7 A Before Bear Stearns.

8 Q Okay.

9 A And (b)(7)(C), as I mentioned

10 earlier.

11 Q Was he pricing clients?

12 A (b)(4)

13 Q (b)(4) Okay. He was assistant?

14 A (b)(4) (b)(7)(C) (b)(4)

15 (b)(4)

16 (b)(4) Now, after -- well, the desk

17 also, I mean, these are the (b)(4). Do you want

18 to know the (b)(4) as well? I mean, these are

19 people that are (b)(4).

20 Q Yes.

21 A Okay. So in New York, it was (b)(7)(C)

22 (b)(7)(C) was a (b)(4) and (b)(7)(C)

1 (b)(7)(C)

2 Q Just the two of them?

3 A (b)(4)

4 (b)(4).

5 Q Okay. And what about after Bear

6 Stearns?

7 A After Bear Stearns, (b)(4)

8 (b)(4). It was (b)(4); (b)(7)(C)

9 (b)(4); (b)(7)(C)

10 She left at some point in 2009 but she -- when it

11 first started. And then over from Bear Stearns, I

12 believe (b)(4). (b)(7)(C), who did the

13 (b)(4). (b)(7)(C), (b)(7)(C).

14 Q These are traders?

15 A (b)(4) (b)(7)(C) was a (b)(4) I'm sorry

16 about that.

17 Q No; that's okay.

18 A (b)(4) (b)(7)(C)

19 (b)(7)(C).

20 Q Okay.

21 A And then the (b)(4) were (b)(7)(C)

22 and his assistant, which was (b)(7)(C).

1 Q What about in London?

2 A In London? Before and after?

3 Q Yes.

4 A Okay. In London before, the (b)(4)
5 were (b)(7)(C), who was on the (b)(4) and
6 the (b)(4). (b)(7)(C).
7 Then (b)(7)(C) went over there. I don't know the name
8 of the (b)(4).

9 MR. BENJAMIN: You said (b)(7)(C), you mean
10 Mr. (b)(7)(C)?

11 THE WITNESS: (b)(7)(C). I don't
12 know the names of the (b)(4).

13 BY MS. RYALL:

14 Q Was he a trader or an assistant over
15 there?

16 A When he went over there, he was brought
17 over there to (b)(4)
18 (b)(4).

19 Q Okay.

20 A I don't know the marketers over there.
21 And then after Bear Stearns, did anybody go to
22 London? I don't think so. As far as I remember.

1 And then in Singapore, (b)(7)(C), and we did -JP
2 Morgan did take somebody from Bear Stearns
3 Singapore named (b)(7)(C), who subsequently
4 left after a year or so.

5 MR. BENJAMIN: So (b)(7)(C) was in
6 Singapore before the Bear Stearns acquisition?

7 THE WITNESS: Uh-huh.

8 BY MS. RYALL:

9 Q And these were all traders in the client
10 group?

11 A I don't know what you mean by that.

12 Q They filled client orders?

13 A (b)(4)
14 (b)(4).

15 Q Okay. Was there anyone other than (b)(7)(C)
16 (b)(7)(C) in London who were simply a prop trader?

17 A (b)(4)
18 (b)(4) (b)(7)(C)
19 (b)(4)

20 Q In metals?

21 A (b)(4)
22 (b)(4)

1 (b)(4)

2 (b)(4) (b)(7)(C) (b)(7)(C)

3 (b)(7)(C) (b)(7)(C) was, you know, (b)(7)(C) had a (b)(4)

4 (b)(4)

5 (b)(4) . I

6 don't know if (b)(7)(C) was part of the (b)(4)

7 (b)(4) .

8 (b)(7)(C) (b)(4)

9 (b)(4) , and -

10 MR. BENJAMIN: You say the group, you

11 mean the proprietary group?

12 THE WITNESS: (b)(4)

13 (b)(4) , and I can't think of -- can't think of

14 anyone else.

15 BY MS. RYALL:

16 Q Did you also deal with (b)(7)(C) and

17 (b)(7)(C) and (b)(7)(C) ?

18 A They would trade from time to time, yes.

19 Q So going back to pre-Bear Stearns at

20 your desk, so you were (b)(4)

21 (b)(4) ?

22 A In the New York time zone.

1 Q In the New York time zone. And who
2 handled forwards at that time, if anyone?

3 A I believe it was (b)(7)(C), and he
4 (b)(4).

5 I believe so.

6 Q Did you work with him at all in your
7 trading?

8 A (b)(4)
9 (b)(4)
10 (b)(4)
11 (b)(4)
12 (b)(4). What's happening.
13 (b)(4)
14 (b)(4)
15 (b)(4)
16 (b)(4)
17 (b)(4)

18 Q How long was there (b)(4)?

19 A As I remember it, the whole time.

20 Q The whole time you were there?

21 A Yeah.

1 (b)(7)(C) came on and was doing the same job as you?

2 He had been at Bear Stearns?

3 A He had been at Bear Stearns.

4 Q So what did he do when he got to JP

5 Morgan?

6 A (b)(4).

7 Q Okay. Oh, okay.

8 A So I was, I mean, (b)(4)

9 (b)(4) So -

10 Q And you (b)(4) ?

11 A (b)(4). As I remember it, (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q So you're less active now after (b)(7)(C)

19 (b)(7)(C) gets there. So what did you do to fill up

20 that time?

21 A I try to -- I mean, the way I remember

22 it, (b)(4)

1 (b)(4)

2 (b)(4) (b)(7)(C) (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4).

6 But what do you do to fill up that time?

7 I mean, that's a weird question because (b)(4)

8 (b)(4)

9 (b)(4)

10 Q So what (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4) (b)(7)(C). You know, I can remember

14 a few instances where (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 So -

20 Q Was this in your (b)(4) ?

21 A (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 Q What did -- sorry. What did (b)(7)(C)

7 (b)(7)(C) do?

8 A (b)(7)(C) was a new -- he (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4). There's -- and I

12 don't know -- I don't know too much about (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q What did Mr. (b)(7)(C) do when he came

19 on?

20 A Mr. (b)(7)(C) was -- was a (b)(4)

21 (b)(4)

22 (b)(7)(C).

1 MR. BENJAMIN: If there's a convenient
2 time for a break?

3 MS. RYALL: Yeah. We can take a
4 five-minute break now. Okay. Off the record.
5 (Recess)

6 MS. RYALL: We will go back on the
7 record and on the break we had a request from Mr.
8 Schroeder.

9 MR. SCHROEDER: Yes. On behalf of JP
10 Morgan, we'd ask that the transcript be given FOIA
11 confidential treatment. Mr. Jordan is being asked
12 questions about the business of JP Morgan and it's
13 confidential. We will send a letter to Ms. Ryall
14 to confirm the request.

15 MS. RYALL: And our FOIA officer?

16 MR. SCHROEDER: And the FOIA officer.

17 MS. RYALL: And Mr. Benjamin?

18 MR. BENJAMIN: Yes. Just very briefly,
19 a clarifying question.

20 What degree did you earn from the
21 University of Virginia?

22 THE WITNESS: A BA, not an FA. Sorry.

1 I got that wrong.

2 BY MS. RYALL:

3 Q Some places have different degrees.

4 A That would have been impressive, but I
5 didn't do that.

6 Q Before the break, we were talking about

7 Mr. (b)(7)(C). You said he was the (b)(4)

8 (b)(4) with Mr. (b)(7)(C)?

9 A Correct.

10 Q What else did he do, if anything?

11 A He (b)(4)

12 (b)(4).

13 Q Did you work together with him in
14 trading at all?

15 A What do you mean?

16 Q Did you do any business with him, trades
17 with him or for him or -

18 A I recall (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q And what were the EFPs for?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4); (b)(7)(C).

1 Q Why would you (b)(4)

2 (b)(4)?

3 A Well, (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 Q You said that as a (b)(4)

11 (b)(4), you might (b)(4)

12 (b)(4)?

13 A Yeah. I mean, just over the course of
14 business, I guess a good way to describe it. Like
15 let's just say (b)(4)

16 (b)(4)

17 (b)(4).

18 MR. BENJAMIN: (b)(4)?

19 THE WITNESS: (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4).

5 MR. BENJAMIN: You say you (b)(4)

6 (b)(4). Do you mean you have an

7 EFP?

8 THE WITNESS: (b)(4)

9 (b)(4). I'm sorry. Let me clarify.

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4).

19 MR. BENJAMIN: Some of that EFP risk?

20 THE WITNESS: (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4); (b)(7)(C)

4 MS. MANLEY: I'm sorry. I walked in
5 late. I'm going to have to ask you to repeat
6 this.

7 THE WITNESS: Sure. Sorry.

8 MS. MANLEY: And let me help you. Let
9 me explain my point of confusion and maybe you can
10 clarify it for me.

11 THE WITNESS: Sure.

12 MS. MANLEY: I thought I understood you
13 just a few moments ago to say that, you know,

14 (b)(4). Well, no. (b)(4)

15 (b)(4)

16 (b)(4)?

17 THE WITNESS: (b)(4)

18 (b)(4)

19 (b)(4)?

20 MS. MANLEY: Okay.

21 THE WITNESS: (b)(4)

22 (b)(4).

1 MS. MANLEY: All right. So you have a

2 (b)(4).

3 THE WITNESS: (b)(4)

4 (b)(4).

5 MS. MANLEY: How did you get the (b)(4)

6 (b)(4) ?

7 THE WITNESS: (b)(4)

8 (b)(4)

9 (b)(4).

10 MS. MANLEY: I understand that.

11 THE WITNESS: Okay. So (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4).

15 MS. MANLEY: Okay.

16 THE WITNESS: (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 MR. BENJAMIN: Now you're (b)(4)

2 (b)(4) ?

3 THE WITNESS: (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4).

8 MS. MANLEY: So if I understand you
9 correctly, what you're saying is (b)(4)

10 (b)(4)

11 (b)(4); is that correct?

12 THE WITNESS: Yeah.

13 MS. MANLEY: It's not -

14 THE WITNESS: It's not -- I don't know.

15 I just want to make sure I get the words right.

16 I'm sorry.

17 MS. MANLEY: As you testified earlier,
18 you know, there are transactions that the COMEX
19 operates called EFPs.

20 THE WITNESS: (b)(4)

21 (b)(4).

22 MS. MANLEY: Right. Right. But what I

1 hear you saying is, (b)(4)

2 (b)(4).

3 THE WITNESS: (b)(4).

4 MS. MANLEY: You're not actually

5 (b)(4).

6 THE WITNESS: (b)(4).

7 MR. BENJAMIN: Unless you then -

8 THE WITNESS: (b)(4)

9 (b)(4)

10 (b)(4) (b)(7)(C) (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4).

14 MR. BENJAMIN: To follow through the
15 example.

16 THE WITNESS: Yeah.

17 MR. BENJAMIN: You just explained a
18 hypothetical -THE

19 WITNESS: (b)(4)

20 -MR.

21 BENJAMIN: Hold on. You just
22 explained a hypothetical but, you know, realistic

1 scenario where you would (b)(4)

2 (b)(4)

3 (b)(4)

4 THE WITNESS: (b)(4).

5 MR. BENJAMIN: Then I think what you
6 were explaining when Ms. (b)(7)(C) was entering the
7 room was that there could be (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 THE WITNESS: Correct.

12 MR. BENJAMIN: -- (b)(4)

13 (b)(4)

14 (b)(4).

15 THE WITNESS: (b)(4)

16 MR. BENJAMIN: I think you were
17 explaining there would be situations where you
18 might, (b)(4)

19 (b)(4)

20 (b)(4)

21 THE WITNESS: Generally I was (b)(4)

22 (b)(4)

1 (b)(4)

2 MR. BENJAMIN: Okay.

3 MS. MANLEY: Here's an instruction to
4 you. Throughout the course of your testimony,
5 okay, so that we have a clear record at the end of
6 it, when you use the term "EFP," take a moment and
7 let us know whether or not it's an effective EFP
8 -

9 THE WITNESS: Sure.

10 MS. MANLEY: -- or you're actually
11 talking about -

12 THE WITNESS: Trading.

13 MS. MANLEY: -- a true EFP that's traded
14 on the COMEX.

15 THE WITNESS: No problem at all. No
16 problem.

17 MR. CUSIMANO: I actually have a
18 follow-up question to that. (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4) ?

22 THE WITNESS: Well, again, (b)(4)

1 (b)(4)

2 (b)(4) (b)(7)(C) and

3 (b)(7)(C) (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 MR. CUSIMANO: So you would (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4) ?

12 THE WITNESS: (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 MR. CUSIMANO: Okay.

18 BY MS. RYALL:

19 Q So where we got off on this -A

20 Yeah.

21 Q -- we were talking about what you trade

22 with Mr. (b)(7)(C) and you said some (b)(4) ?

1 A Yes.

2 Q Anything else?

3 A Well, (b)(4)

4 (b)(4)

5 Q Physical?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4) (b)(7)(C) (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4) -

14 MR. BENJAMIN: EFPs.

15 THE WITNESS: (b)(4)

16 (b)(4)

17 BY MS. RYALL:

18 Q On the books instead of going to the
19 exchange?

20 A (b)(4)

21 Q Okay. You talked a little bit about how
22 you worked with the various traders. The groups

1 in New York and London, I mean, generally how did
2 they work together?

3 A Generally, as I mentioned earlier in my
4 testimony, (b)(4). So, as I

5 recall, (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 Q And when you said don't do anything,
15 what I understand, if you had a client trade come
16 in -

17 A (b)(4)

18 Q -- and you were going to (b)(4) -A

19 (b)(4).

20 Q -- (b)(4)

21 (b)(4)?

22 A Well, here's -- here's a good example of

1 that. (b)(4)

2 (b)(4)

3 (b)(4) (b)(7)(C) (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) (b)(7)(C) (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4) (b)(7)(C) (b)(4)

17 Q What do you mean (b)(4)? Explain that to

18 me.

19 A Yeah. (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4) (b)(7)(C) (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q So you have (b)(4) ?

19 A Just -- (b)(4)

20 (b)(4)

21 (b)(4). Sorry about that.

22 Q It's what they teach us in law school.

1 A Five words. Aye. Too much coffee.

2 Q Was there also a trader (b)(7)(C)?

3 A (b)(7)(C). He was a
4 marketer, not a trader.

5 Q Okay.

6 A Yeah, I forgot to mention him. I guess
7 he was the one guy that came over to the London
8 group on the marketing side.

9 Q Okay.

10 A I've never met him but, yeah.

11 Q (b)(7)(C) you said was the (b)(4)
12 (b)(4). Did you trade with him?

13 A (b)(4)
14 (b)(4)
15 (b)(4)
16 (b)(4)
17 (b)(4)
18 (b)(4)
19 (b)(4)
20 (b)(4)
21 (b)(4)
22 (b)(4)

1 (b)(4)

2 Q What about (b)(7)(C)?

3 A (b)(7)(C). He -- he was a JP Morgan
4 employee when I got there and as I recall -- I'm
5 trying to think -- (b)(4)
6 (b)(4) and he went to Bear Stearns, I believe, and
7 then I don't really remember his time line. I do
8 remember he did come back in some capacity in
9 Singapore towards the end of my tenure there, but
10 I'm not exactly sure and he was -- he was mainly
11 involved in PGMs, marketing and trading.

12 Q Did you have any interaction with him in
13 your trading?

14 A I don't remember any.

15 Q You said you worked a lot with Mr.

16 (b)(7)(C)?

17 A Yes.

18 Q So when you would do (b)(4)

19 (b)(4) Mr. (b)(7)(C) (b)(4)

20 (b)(4)?

21 A Generally with (b)(7)(C), because we talked so
22 often throughout the day, I remember, I vaguely

1 remember -- not vaguely -- I remember that he

2 would oftentimes call me and he'd say, (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4). You know, he -- (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 So I'd give him a (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q But where did -- where did this get

19 recorded anywhere at JP Morgan that (b)(4)

20 (b)(4)?

21 A It would (b)(4)

22 (b)(4), and generally I recall

1 that (b)(4) at the time, (b)(7)(C) would

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4).

6 So, you know, I'd see I (b)(4)

7 (b)(4) then I'd, you know, a few times have to

8 say, (b)(4) (b)(7)(C) (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q The spot?

14 A (b)(4) (b)(7)(C).

15 Q Did you personally keep track of what

16 you did each day? You mentioned a (b)(4)

17 earlier.

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 MS. MANLEY: Excuse me. The (b)(4)

9 that you just described, would that (b)(4)

10 (b)(4) ? Would it (b)(4); (b)(7)(C) ?

11 THE WITNESS: It would (b)(4)

12 MS. MANLEY: It would (b)(4). Okay.

13 THE WITNESS: (b)(4); (b)(7)(C)

14 (b)(4)

15 (b)(4)

16 (b)(4).

17 MS. MANLEY: Okay.

18 THE WITNESS: And it would (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4).

22 MS. MANLEY: And do you remember or

1 recall the designation of (b)(4) ?

2 THE WITNESS: (b)(4) -- what do you mean?

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 BY MS. RYALL:

8 Q Okay. So can you just spell that out

9 for us?

10 A (b)(4).

11 Q Okay. Is that a portfolio?

12 A It's -- when I use the word (b)(4)

13 (b)(4)

14 (b)(4)

15 Q Okay. And did you use (b)(4)

16 (b)(4) besides that one?

17 A (b)(4)

18 (b)(4)

19 (b)(4) . (b)(7)(C) was the gold

20 trader previous to (b)(7)(C) and (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 MR. CUSIMANO: How would it show the
6 position in terms of dollars or ounces, lots?

7 THE WITNESS: (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4).

21 MR. CUSIMANO: How would it show option
22 positions?

1 THE WITNESS: Again, I wasn't an option

2 trader. But (b)(4)

3 as I -- as I recall, (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4); (b)(7)(C)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)
2 (b)(4)
3 (b)(4)
4 (b)(4)
5 (b)(4).

6 MR. CUSIMANO: Okay. What would it mean
7 to you if you looked at (b)(4) and you saw (b)(4)
8 (b)(4) in a transaction, the counterparty
9 was (b)(4)?

10 THE WITNESS: (b)(4)
11 (b)(4)
12 (b)(4).

13 MR. CUSIMANO: Okay. So this would be
14 something that would be manually entered?

15 THE WITNESS: (b)(4)
16 (b)(4) (b)(7)(C) generally. I would
17 think it was a mistake.

18 MR. CUSIMANO: Okay.

19 MS. MANLEY: And I'm sorry. How
20 frequently did you (b)(4)?

21 THE WITNESS: That's a tough, tough
22 question. I'm trying to -- when I first got

1 there, not very frequently and it's tough to -tough
2 to attach a percentage to it, but generally
3 I'd have, like, (b)(4).

4 As I stated earlier in my testimony, (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 But I found from my experience that (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4). But how often did I trade it?

22 I'd say twice a month. No. Less than once a

1 week.

2 MS. MANLEY: And would it be -- would it
3 relate to your client business or would it be part
4 of your proprietary trade?

5 THE WITNESS: (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 MR. BENJAMIN: It was in the proprietary
10 part of your trade?

11 THE WITNESS: (b)(4)

12 (b)(4)

13 (b)(4)

14 MS. MANLEY: Okay. And you described to
15 us your understanding of theta. Can you describe
16 to us your understanding of gamma?

17 THE WITNESS: Yes. Gamma is something
18 that you get positive gamma by being long options.
19 Now what that means, if you are positive gamma -so
20 you've spent a certain amount of money on an
21 option. With that each day, it's going to decay
22 slightly and slightly and slightly. So you're

1 going to be losing a little bit each day.

2 MR. BENJAMIN: Of value?

3 THE WITNESS: Of value. That's called

4 theta. I don't want to get into theta. But gamma

5 is the -- what you get for losing theta or time

6 decay value, you get gamma, which means that the

7 market goes lower, which I described earlier, your

8 position gets shorter and shorter and shorter.

9 As the market goes higher, you're

10 getting longer and longer and longer, (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4).

16 BY MS. RYALL:

17 Q You say (b)(4), you mean buying

18 futures?

19 A (b)(4).

20 MR. BENJAMIN: Did you mean to say just

21 as a general matter that (b)(4)

22 (b)(4)?

1 THE WITNESS: (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4). I mean, it sounds easy. It's not easy,

9 but (b)(4)

10 (b)(4).

11 BY MS. RYALL:

12 Q So the trades that you did directly with

13 Mr. (b)(7)(C), those went into the (b)(4)

14 (b)(4)?

15 A (b)(4)

16 MR. BENJAMIN: Your side of them.

17 THE WITNESS: My side.

18 BY MS. RYALL:

19 Q Your side of them. And did the futures

20 that you (b)(4) that (b)(4)

21 (b)(4)?

22 A (b)(4)

1 (b)(4)

2 (b)(4) (b)(7)(C) (b)(4)

3 (b)(4).

4 Q Okay. So how did it (b)(4)

5 (b)(4)?

6 A (b)(4)

7 (b)(4).

8 Q So any time you did trades in Globex, it

9 (b)(4)?

10 A (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4).

18 Q So when you did the futures, is there

19 (b)(4)

20 (b)(4)

21 (b)(7)(C)?

22 A Yeah. (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4); (b)(7)(C)

6 (b)(4)

7 Q So you could tell it because you knew
8 what you were doing, but if I look back now, how
9 can I tell?

10 A I just think you can (b)(4).

11 Q By what?

12 A By -- (b)(4)

13 (b)(4)

14 (b)(4) (b)(7)(C) (b)(4)

15 (b)(4).

16 Q Okay. And when you say typical versus
17 larger, what are you talking about?

18 A It's a tough question. I mean -- I
19 mean, it depends what you mean by size but -

20 Q Well, what was normal size?

21 A Generally (b)(7)(C) (b)(4)

22 (b)(4)

1 Q Okay. What about (b)(7)(C) ?

2 A He was (b)(4).

3 Q Any general amount?

4 A If I was (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4). But it's a tough question. I mean,

8 (b)(4)

9 MR. BENJAMIN: Can I ask just a quick
10 question, Christine?

11 Ms. Ryall was asking you a minute ago
12 just how one, a person who wasn't actually
13 involved in executing the trades, (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(7)(C)

17 Would you expect that there would tend
18 to be a relationship in terms of time and size if
19 one looked (b)(4) ?

20 THE WITNESS: (b)(4).

21 BY MS. RYALL:

22 Q Did you have specific trade

1 authorizations?

2 A (b)(4).

3 Q In terms of products that you were
4 allowed to trade -

5 A (b)(4)

6 Q -- at JP Morgan?

7 A As far as I know, (b)(4)

8 Q Okay. What about limits?

9 A As far as I know -- well, (b)(4) -

10 (b)(4)

11 (b)(4).

12 Q Do you recall whether you were told what
13 your limits are or were?

14 A (b)(4)

15 Q Okay. Were you given anything in
16 writing?

17 A (b)(4)

18 Q Who would have kept track of whether you
19 were within your limits at JP Morgan?

20 A (b)(7)(C) and (b)(7)(C) (b)(4).

21 Q Were you allowed to trade for other
22 traders, like do the hedge for them instead of

1 them doing it themselves?

2 A Well, (b)(4)

3 I want to make sure I answer this correctly. (b)(4)

4 (b)(4) (b)(7)(C)(b)(4)

5 (b)(4)

6 (b)(4) And there

7 were, I think I said earlier in my testimony,

8 (b)(4)

9 (b)(4). So -

10 Q Could trades that you did go into

11 someone else's book, portfolio?

12 A Could trades that I? (b)(4)

13 (b)(4)

14 (b)(4). What do you -- I

15 mean, what do you exactly mean?

16 Q Well -

17 A Like if I did a trade and it got entered

18 as one of (b)(7)(C)'s trades or something?

19 Q Purposefully. Could you do one for him

20 and then put it in his book?

21 A Well, (b)(4)

22 (b)(4)

1 (b)(4) . So -

2 MR. BENJAMIN: You've already explained
3 an example of that.

4 THE WITNESS: (b)(4)

5 (b)(4) .

6 MR. SMITH: I guess, for example, if Mr.

7 (b)(7)(C) was out of the office or something like

8 that and he wanted you to execute a trade for him,
9 could you go into his book -

10 THE WITNESS: Could I go -

11 MR. SMITH: -- and execute a trade for
12 him?

13 THE WITNESS: (b)(4)

14 (b)(4) . If (b)(7)(C) -- I'm

15 just trying to think somebody that I traded with.

16 As I said earlier, (b)(4) (b)(7)(C)

17 (b)(4) (b)(7)(C) (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4) (b)(7)(C) So, (b)(4)

22 (b)(4)

1 BY MS. RYALL:

2 Q The other side would still be in your
3 book?

4 A (b)(4)
5 (b)(4).

6 Q So supposing you weren't in the office
7 and you needed to hedge something that you had
8 done with (b)(7)(C). Could somebody else in the office
9 do the trade for you and it would go directly into
10 your book?

11 A If I was out of the office and I wanted
12 to buy or sell gold or silver, they (b)(4)
13 (b)(4)
14 (b)(4)

15 Q All right. So if (b)(4)
16 (b)(4)
17 (b)(4) ?

18 A (b)(4).

19 Q While you were at JP Morgan, did they
20 give you any compliance training?

21 A (b)(4)
22 (b)(4).

1 Q Did that have a particular name?

2 A It was called (b)(4). I mean,

3 that's how I remember it. I was like a (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4). I know there was a (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4).

11 Q What were the subject matters of them;

12 do you recall?

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4).

17 Q Do you recall ever having classes or

18 web-based seminars about appropriate and

19 inappropriate trading practices?

20 A (b)(4).

21 Q Did (b)(7)(C) ever talk to you about

22 appropriate or inappropriate trading practices?

1 A (b)(4).

2 Q How did he monitor what you were doing
3 on a daily basis as far as your trading?

4 A I mean, (b)(4). I

5 mean, (b)(4). So,

6 you know, how did he monitor? I mean, (b)(4)

7 (b)(4) (b)(7)(C) (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 So but, I mean, (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q Did you know what he was doing in his
20 options book?

21 A (b)(4) And like -- and

22 me describing options is not a great science

1 because I -- before I got to JP Morgan, I didn't
2 understand things like gamma and theta that well
3 and, sitting next to (b)(7)(C), I really kind of
4 learned a lot but -

5 Q Did you learn a lot by hearing him or
6 did he specifically -

7 A (b)(4).

8 Q -- teach you?

9 A (b)(4).

10 Q You mentioned earlier the (b)(4)
11 (b)(4). Did you
12 keep those?

13 A (b)(4)
14 (b)(4), but they, you know, it
15 would be like, as I remember it, a (b)(4)
16 (b)(4)
17 (b)(4)
18 (b)(4).

19 Q (b)(4)
20 (b)(4)
21 (b)(4)
22 (b)(4)?

1 A (b)(4)

2 Q Okay. And (b)(4)?

3 A (b)(4).

4 Q Okay. And can you tell us (b)(4)

5 (b)(4)?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4) (b)(7)(C)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 Q Was there (b)(4)

17 (b)(4)?

18 A (b)(4).

19 MR. SMITH: Did you say (b)(7)(C) or (b)(7)(C)?

20 THE WITNESS: (b)(7)(C).

21 BY MS. RYALL:

22 Q That was (b)(7)(C)?

1 A (b)(7)(C).

2 Q And he was on the same desk as you?

3 A Yes.

4 Q How close did he sit to you?

5 A I'd say -

6 MR. BENJAMIN: At that time?

7 BY MS. RYALL:

8 Q At that time?

9 A At that time, (b)(4) (b)(7)(C) (b)(4)

10 (b)(4) (b)(4); (b)(7)(C) -

11 Q So (b)(4) people then on from you?

12 A (b)(4) (b)(7)(C)

13 (b)(7)(C), and -- yeah. (b)(7)(C), (b)(7)(C), (b)(7)(C),

14 and (b)(7)(C) (b)(4)

15 (b)(4)

16 (b)(4)

17 Q Mr. (b)(7)(C), was he on the desk most of
18 the day?

19 A (b)(4).

20 Q He had an office as well, though; right?

21 A (b)(4).

22 Q Yes?

1 A (b)(4).

2 Q You mentioned earlier that you did trade
3 on Globex. Did you have a specific user ID for
4 that?

5 A (b)(4)

6 (b)(4)

7 (b)(4).

8 Q (b)(4)?

9 A (b)(4).

10 Q And then so (b)(4)

11 (b)(4)?

12 A (b)(4)

13 (b)(4).

14 Q (b)(4)?

15 A (b)(4)

16 (b)(4).

17 Q When you did trades on the exchange, did
18 you mostly use Globex?

19 MR. BENJAMIN: This is at the end?

20 BY MS. RYALL:

21 Q Well, yeah. Let's start at the
22 beginning.

1 A Well, at the beginning and I think this
2 is a good point because at the beginning, COMEX
3 was still at the forefront of the liquidity. And
4 I do recall at the end of my time at JP Morgan,

5 (b)(4)

6 (b)(4)

7 (b)(4).

8 MR. BENJAMIN: This is the end of your
9 time at Morgan Stanley?

10 THE WITNESS: Morgan Stanley, that's
11 what I'm saying, yeah.

12 But then somewhere from '06 to '07, you
13 know, the electronic platforms basically just took
14 over. And then really it happened so fast. Like
15 by '08, it was all electronic. (b)(4)

16 (b)(4)

17 (b)(4). So

18 it was now pointing and clicking as opposed to
19 shouting in orders. So it was a difficult
20 transition.

21 BY MS. RYALL:

22 Q So when you did do your trades on the

1 floor, why would you choose to do them on the
2 floor rather than Globex after Globex came to the
3 forefront?

4 A (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4).

8 Q Between Globex and the floor?

9 A As I remember back to '06, (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q Did you use floor brokers?

19 A (b)(4).

20 Q (b)(4)

21 (b)(4) ?

22 A (b)(4)

1 (b)(4)

2 Q And who is it there that you mostly
3 dealt with?

4 A (b)(4) (b)(7)(C)

5 (b)(7)(C) (b)(4)

6 (b)(4) (b)(7)(C)

7 (b)(7)(C) (b)(4)

8 (b)(4)

9 Q Uh-huh.

10 A (b)(4) (b)(7)(C), and

11 (b)(4) (b)(7)(C)

12 (b)(7)(C) (b)(4)

13 (b)(4)

14 (b)(4)

15 Q (b)(4) ?

16 A (b)(4)

17 (b)(4) (b)(7)(C)

18 (b)(7)(C), and the other one was

19 -- (b)(4) (b)(7)(C). I don't

20 know his last name. Young kid, (b)(7)(C) (b)(4)

21 (b)(4).

22 Q For gold?

1 A (b)(4) (b)(7)(C)

2 (b)(7)(C) (b)(4) (b)(7)(C)

3 Q (b)(6); (b)(7)(C) ?

4 A (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 Q So did you have a relationship, a
7 business relationship, with any of these before
8 you went to JP Morgan?

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 Q Did you ever trade on TOCOM?

15 A (b)(4)

16 Q Were the prices on TOCOM or in the Asian
17 market generally influential on what you were
18 doing on a daily basis in New York?

19 A As I remember, (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 -- and I'll use this term -- (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4).

5 Q Well, how often -

6 A I mean, because basically you're looking

7 at (b)(4). So, I mean, (b)(4)

8 -- (b)(4).

9 Q And you said you'd get in on (b)(4)

10 (b)(4). How often did that happen?

11 A (b)(4)

12 (b)(4)

13 Q So what was behind those (b)(4) ?

14 Were they unusual or -

15 A I just, again, going back to like my

16 overall style of trading, like, you know, (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4).

4 Q Did you have any main clients that you
5 dealt with at JP Morgan?

6 A Main clients. I think I stated earlier
7 in my testimony, (b)(4)
8 (b)(4).

9 Q Were there any in particular that you
10 dealt with a lot?

11 A (b)(4) (b)(7)(C).

12 Q So you dealt with him as a counterparty
13 most?

14 A (b)(4)
15 (b)(4).

16 Q What about outside clients?

17 A Well, I mean, you kind of got to look at
18 it in two pieces because before Bear Stearns came,

19 (b)(4)

20 (b)(4) (b)(7)(C) (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 Q So in talking about COMEX, what do you
3 guys as traders call an exchange, actually?

4 A The floor.

5 Q Yeah, the floor.

6 A The floor.

7 Q And then how do you refer to the Globex?

8 A The screen.

9 Q The screen. The floor and the screen?

10 A Yeah.

11 Q It's always good to know those things.

12 So what is your understanding of how the
13 settlement price is determined in the silver and
14 gold futures contracts for CME?

15 A Yeah. I mean, when it became
16 electronic, you know, the markets open till -- the
17 screen is open till 4. So I never really thought
18 about it but from what my understanding, it's the
19 last minute or two of the day they take the
20 average price.

21 Q Last minute or two of?

22 A Of the one. So -- so the way it used to

1 be on the floor, silver closed at 1:25, gold
2 closed at 1:30. So I think it's actually the last
3 minute. So from 1:24 to 1:25 they do the average
4 price of silver, and then there's a settlement
5 committee on the floor. I believe there still is.
6 I'm not sure. I believe there still is a
7 settlement committee that convenes every day on
8 the closes to decide the settlement price.

9 Q Okay. And the same with gold?

10 A Same with gold. That would be 1:29 to
11 1:30.

12 Q That's the floor trading time?

13 A Yes.

14 Q Okay. And since you started at JP
15 Morgan, has this changed at all from when you
16 started till when you end?

17 A What do you mean, has what changed?

18 Q During the time period that you worked
19 at JP Morgan, did this process, as you understood
20 it -A

21 (b)(4)

22 Q -- change?

1 A (b)(4)

2 MR. BENJAMIN: Just wait until Ms. Ryall
3 finishes asking.

4 THE WITNESS: I'm sorry. I'm sorry
5 about that.

6 BY MS. RYALL:

7 Q It's okay. I was going to add more to
8 my question.

9 MR. BENJAMIN: No. No. It's okay. It
10 makes it harder for the court reporter.

11 THE WITNESS: I'm sorry. I apologize.

12 BY MS. RYALL:

13 Q You were talking earlier about how (b)(4)

14 (b)(4)

15 (b)(4). What kind of circumstances would
16 you expect the outright future prices to rise?

17 A What kind of circumstances would I

18 expect prices to rise? (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 Q What about just open interest or volume
11 on the trading itself?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4).

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q What about intraday; looking at open
9 interest or volume?

10 A (b)(4)

11 (b)(4)

12 (b)(4)

13 Q And you said you traded options while at
14 JP Morgan?

15 A Yes.

16 Q Okay. Can you tell us what a call is?

17 A A call is you purchase the right to own
18 metal, in this case. If the price -- if the
19 market goes higher, you purchase -- I'm not giving
20 the right example, but you purchase the right to
21 be long if the market is in the money.

22 Q And so what is a long call then?

1 A That's being long in option -- being
2 long at call. So if I purchase a call in gold,
3 I'm purchasing the right to be long, if on
4 settlement day of that option gold is over that
5 price that I purchased.

6 Q And what do you call that price that you
7 purchased?

8 A A strike.

9 Q Okay. And this is the right to be long
10 in futures or in physical?

11 A Either/or. You can trade options on
12 futures or options on spot.

13 Q So if the price of the futures or spot
14 rises above the strike price, then you -- that
15 call would be valuable?

16 A Would -- you could choose to exercise
17 that call.

18 Q Okay. And a short call?

19 A The opposite. You sell the option. So
20 let's talk about the example you just used. If
21 you sell a gold call and it's in the money, which
22 means -- let's pick \$1200 and it's over \$1200, the

1 strike price at the time of expiry, then you are
2 short metal at that strike price.

3 MR. BENJAMIN: And you receive your
4 premium?

5 THE WITNESS: You receive the premium
6 from selling it on day one.

7 BY MS. RYALL:

8 Q And if you're in the money, you have to
9 deliver?

10 A If you're out of -- in this case, short,
11 if you're out of the money. If you're short,
12 you're out of the money. If you're long, you're
13 in the money, you know, but -

14 MR. BENJAMIN: If you're short and the
15 option is in the money?

16 THE WITNESS: Then you have to deliver
17 metal. That's what I meant to say, yes.

18 BY MS. RYALL:

19 Q What about a put?

20 A Same exact thing, just reversed. If you
21 purchase -- it's the right to be short, if the
22 market is in the money of the strike price.

1 MR. BENJAMIN: Meaning below the strike
2 price?

3 THE WITNESS: Below the strike price.

4 BY MS. RYALL:

5 Q So the put -- a long put is valuable
6 when?

7 A If the market is below the strike price
8 at the day of the expiration.

9 Q And when you say market, you mean the
10 price of the futures or the spot?

11 A Correct.

12 Q Okay. And when is a short put valuable?

13 A A short put is valuable if the price is
14 -- you sell -- if you sell a put, you collect
15 premium, and if the market is not below the strike
16 price at expiration, then you just collect your
17 premium and you don't deliver any metal. If it's
18 below the strike price, then you have to be long
19 to the other side that bought the put.

20 Q And did you trade (b)(4)

21 (b)(4)

22 A (b)(4)

1 Q Okay. Did you trade one more than the
2 other?

3 A Generally, as I recall, (b)(4)
4 (b)(4).

5 Q Explain what that means.

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 Q Did you go short options ever at JP
12 Morgan?

13 A I think I described -- (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4).

2 Q I'm going to ask you to define some
3 words that I've seen come up in e-mails and IMs -

4 A Okay.

5 Q -- and what they mean to you. Spot?

6 A It just means physical, two-day value
7 metal.

8 Q Swap?

9 A A swap is a forward rate agreement.

10 It's lending or borrowing, in this case, metal
11 from one date to a forward date.

12 Q Forward?

13 A Same thing as a swap. I would use that
14 generally in the same context.

15 Q So describe how a lend works. Or the
16 components of a lend.

17 A Well, again, like I was -- just my

18 mandate was (b)(4)

19 (b)(4). But the forward trader would

20 lend -- would have a balance of metal at the end
21 of every day, and he'd have to lend or borrow
22 accordingly.

1 So to use an example, if you're short a
2 hundred thousand ounces of gold for a value two
3 days spot, you would have to borrow metal from
4 that day to some other date. You can go two days
5 to three days or two days to two years, but it's
6 basically covering your balance for a spot date
7 and moving it forward.

8 I mean, it gets very intricate. There's
9 forward forwards where you go from one forward
10 date to another forward date but, again, that
11 wasn't my expertise.

12 Q Did you engage in any of that type of
13 trading while you were at JP Morgan?

14 A (b)(4)
15 (b)(4)
16 (b)(4)
17 (b)(4)
18 (b)(4)
19 (b)(4)
20 (b)(4)
21 (b)(4)
22 (b)(4)

1 (b)(4)

2 (b)(4)

3 Q Did you have to discuss those particular
4 transactions with the forward trader before you
5 did them?

6 A (b)(4)

7 (b)(4) -- I'm

8 just trying to think of an example. (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 Q Can you define spread?

13 A Spread. Just the difference between the
14 bid and the ask.

15 Q How about switch?

16 A Switch is a futures equivalent of a
17 forward. So it's something done on electronic or
18 COMEX and there's a switch market. So you go from
19 -- futures settle month to month and each
20 commodity had a different month settlements, but
21 if you do a switch, for example, you'll pick Dec 1
22 to Dec 2. Dec 2011 to Dec 2012 and there's some

1 spread between those two months in price which is
2 derived from the interest rate and the golds
3 forward rate market.

4 MR. BENJAMIN: Is that something you
5 traded?

6 THE WITNESS: I traded short-terms
7 switches. I may have done some, but generally
8 that wasn't my focus.

9 BY MS. RYALL:

10 Q Is switch also called a spread itself?

11 A Yeah, how it spreads. Yeah, I'm trying
12 to think back. I haven't been in it in a while.
13 Yeah, spreads and switches are -- yes, in terms of
14 COMEX talk, it's the same thing.

15 Q Okay. And what would you be doing if
16 you buy a switch?

17 A If you buy a switch? God. I've been
18 out of the game for a while. You are -- if you
19 buy. I think you're buying the front month and
20 selling the back month. So effectively the
21 example I used, you're buying metal for delivery
22 2011. You're selling metal for delivery 2012.

1 Q Okay. And you said you didn't do this
2 very often?

3 A Not very often.

4 Q (b)(4)

5 (b)(4)?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q And does it matter whether it's due to
14 movement in one part versus the other?

15 A Well, again, this isn't my expertise but

16 from what I understand, (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 Q (b)(4) ?

7 A (b)(4)

8 (b)(4)

9 (b)(4)

10 Q And you mentioned this earlier, but dip?

11 A Dip. Price going lower.

12 Q Rally?

13 A Price going higher.

14 Q (b)(4) ?

15 A (b)(4)

16 (b)(4)

17 Q (b)(4)

18 (b)(4)

19 A (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q Okay. And I've seen this in some of

2 your IMs (b)(4)?

3 A That's just a term for (b)(4)

4 (b)(4)

5 (b)(4).

6 Q You know where that came from?

7 A I think it came from the floor. There's

8 a bunch. Reading through my embarrassing e-mails,

9 there's a bunch of terms that were

10 floor-generated.

11 Q Okay. I want to talk about trading

12 strategies employed at JP Morgan for the precious

13 metals group.

14 A Okay.

15 Q And just in general, first of all, were

16 strategies employed overall as a group or were

17 they done by book or portfolio?

18 A Hmm. (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4).

4 Q What about in taking a view of the
5 market or trying to make money, not necessarily
6 off of exactly what you're doing with a client?

7 Were there strategies for that?

8 A (b)(4)

9 (b)(4)

10 (b)(4).

11 MR. BENJAMIN: And what I think Ms.

12 Ryall is asking is: In approaching that task, was
13 there kind of a uniform strategy that all the
14 different traders employed or was each trader kind
15 of forming his or her own strategy and tactics?

16 THE WITNESS: (b)(4)

17 (b)(4).

18 BY MS. RYALL:

19 Q And so what (b)(4)

20 (b)(4) ?

21 A (b)(4) ?

22 Q (b)(4).

1 A (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 Q So I'm getting from you that your basic
6 strategy (b)(4) ?

7 A I mean, (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 Q And how much of what you were doing was
16 on a daily basis versus the weekly or even longer
17 term?

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q When you say longer term, how long were
2 you talking about?

3 A (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 MR. BATTAGLIA: Can I ask a follow-up to
14 that? When you describe your trading strategies

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)?

19 THE WITNESS: Like I said earlier, (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)
2 (b)(4)
3 (b)(4)
4 (b)(4)
5 (b)(4)
6 (b)(4)
7 (b)(4)
8 (b)(4)
9 (b)(4)

10 MR. BATTAGLIA: So a situation, to use
11 your word, of (b)(4), would you (b)(4) -would
12 you necessarily need to have a customer to
13 (b)(4) or would you actively seek
14 (b)(4)
15 (b)(4)?

16 THE WITNESS: (b)(4).

17 MR. BATTAGLIA: (b)(4).

18 THE WITNESS: (b)(4) But generally

19 (b)(4)
20 (b)(4)
21 (b)(4)
22 (b)(4)

1 (b)(4)

2 (b)(4) So you'd just be -- and then I'm

3 getting ahead of myself, but then (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 BY MS. RYALL:

12 Q Did you have to discuss your -- what
13 your strategies were going to be with anyone at JP
14 Morgan?

15 A I mean, again, I mean, (b)(4)

16 (b)(4) (b)(7)(C). (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4) It's difficult in that respect. So

21 everybody -- (b)(4)

22 (b)(4)

1 But generally if I took -- if I (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4) (b)(7)(C) or (b)(7)(C).

5 Q So (b)(4)

6 (b)(4)

7 (b)(4) ?

8 A (b)(4).

9 Q And you said there was (b)(4)

10 (b)(4) and (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4) (b)(7)(C) or (b)(7)(C). You know, (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 Q How often did you have a significant
21 risk?

1 mean, generally I was (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 Q And these (b)(4),

7 were they in the metals?

8 A (b)(4).

9 Q Did you take any in other commodities?

10 A (b)(4),

11 (b)(4), I think I said earlier, (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q (b)(4)

19 (b)(4),

20 (b)(4) ?

21 A (b)(4)

22 (b)(4).

1 Q So (b)(4)

2 (b)(4) -

3 A Again -Q

4 -- with clients?

5 A Sorry. Sorry. I didn't let you finish

6 again. I'm sorry.

7 Again, (b)(4)

8 (b)(4)

9 (b)(4).

10 Q So was there any way to tell which

11 trades were actually just (b)(4)

12 (b)(4) versus (b)(4)?

13 A I mean, didn't we discuss this earlier a

14 little bit? I think you can see by my style, when

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 Q Okay. Did you ever trade in ATFs
6 yourself?

7 A No, I did not. I believe you needed a
8 license for that. I never did, though.

9 Q Do you have any professional licenses
10 currently?

11 A I do not.

12 Q Did you have any since you started in
13 this business?

14 A I do not.

15 Q Did you ever use different strategies
16 for silver versus gold?

17 A (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 MR. BENJAMIN: In terms of your overall
2 big picture strategies that you've been
3 describing?

4 THE WITNESS: I guess the best way to

5 say, (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 BY MS. RYALL:

12 Q Did you employ any other strategies that
13 we haven't talked about?

14 A (b)(4)

15 (b)(4)

16 Q Okay. (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4) ?

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 MR. BENJAMIN: Is it fair to say that

10 the number of (b)(4)

11 (b)(4)

12 THE WITNESS: (b)(4)

13 MR. BENJAMIN: And your job was

14 reconfigured?

15 THE WITNESS: (b)(4)

16 BY MS. RYALL:

17 Q I'm going to do one more topic before we

18 break for lunch.

19 I want to talk to you about EFPs, kind

20 of talk about what they are and what the mechanics

21 of them are. When you say buy an EFP, what do you

22 mean? What are you functionally doing?

1 A When I say buy or sell an EFP -

2 MR. BENJAMIN: Let's start buy.

3 THE WITNESS: Buy. I'm buying the
4 futures and I'm selling the equivalent notional
5 dollar amount of spot.

6 BY MS. RYALL:

7 Q Okay. And how do you determine the
8 prices that you are willing to do an EFP at?

9 A Well, as I said earlier, the EFP is a
10 widely brokered instrument. Three to five brokers
11 they quote it. It's derived from the interest
12 rate environment and the gold forward curve. So

13 how -- (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 Q Do you recall generally how many EFPs
21 you had at any given time exchanged?

22 A Like a position?

1 Q Yes.

2 A Effective or regular EFP position? (b)(4)

3 (b)(4)

4 When you say -- (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 MR. BENJAMIN: And just to be clear,
10 you're speaking now broadly about EFPs to include
11 effective EFPs -

12 THE WITNESS: Yes.

13 MR. BENJAMIN: -- and actual EFPs?

14 THE WITNESS: Yes, I am, and (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 BY MS. RYALL:

22 Q Okay. So you said (b)(4)

1 (b)(4)

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 Q Why? Why that number?

8 A Well, that's, you know, (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4).

4 MR. BENJAMIN: In silver?

5 THE WITNESS: In silver.

6 BY MS. RYALL:

7 Q (b)(4)

8 A (b)(4)

9 (b)(4)

10 Q So on a daily basis, how are you aware
11 of what your position in EFPs was?

12 A I'm trying to remember how. We got a
13 report or at Credit Suisse we got a report. At JP
14 Morgan, (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q Is it something you looked at every day?

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 Q So there was only about three brokers
3 who quoted the EFP?

4 A I'm trying to think. The main broker I

5 remember is (b)(3):7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3):7 U.S.C. §12 (CEA); (b)(4). Then the brokers,

7 (b)(3):7 U.S.C. §12 (CEA); (b)(4). We call them (b)(3):7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3):7 U.S.C. §12 (CEA). And I think (b)(3):7 U.S.C. §12 (CEA) had a broker for those.

9 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4), is that also referred to as

10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)?

11 A (b)(3):7 U.S.C. §12 (CEA); (b)(4). That's it. Yeah. (b)(3):7 U.S.C. §12 (CEA); (b)(4)

12 (b)(3):7 U.S.C. §12 (CEA); (b)(4). So there were -- (b)(4)

13 (b)(4)

14 (b)(4).

15 Q Were there any that you tended to deal
16 with more?

17 A From what I recall, (b)(3):7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

20 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

1 [REDACTED].

2 Q Was there someone at [REDACTED] that
3 you dealt with?

4 A It was a guy named [REDACTED].
5 An old floor guy that went upstairs to broker
6 EFPs.

7 Q Did you know him before he went
8 upstairs?

9 A I knew him from the old days. Yeah.

10 Q What do you mean, the old days?

11 A Like I think at Republic I met him
12 first.

13 Q Okay.

14 A He was on the floor.

15 Q Did you use him there?

16 A I don't think so. I don't remember, but
17 I don't think so.

18 Q How often did you get up to, you know,
19 having the size of EFPs you thought you needed to
20 take off?

21 A I really don't recall because that [REDACTED]

22 [REDACTED]

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 Q Can you tell me how posting of an EFP

6 works?

7 A Yeah. That comes from the -- the COMEX

8 days and actually you still have to post EFPs,

9 even though the floor has become rather irrelevant

10 recently. When you do an EFP, I was told when I

11 first joined this business, you had to time stamp

12 a ticket and then you will give -

13 MR. BENJAMIN: Who's you?

14 THE WITNESS: I would. I'd have to

15 generally.

16 BY MS. RYALL:

17 Q You at your trading desk?

18 A At my trading desk. I would do an EFP

19 with either a broker or a customer. So I would

20 either be net buying futures or selling futures,

21 and the customer would either net be selling -

22 MR. BENJAMIN: You mean net selling EFP?

1 THE WITNESS: Buying, yeah, but buying
2 futures or selling futures and net selling the
3 equivalent. I was going to go on.

4 MR. BENJAMIN: Sorry.

5 THE WITNESS: You're net buying or
6 selling EFPs. So you're net.

7 MR. BENJAMIN: Right.

8 THE WITNESS: Equal and offsetting
9 initial amounts. Then you have to post it on the
10 floor. In -- from what I know, it's in the
11 trading day -- in those trading day hours, and I
12 can recall vaguely some circumstances where you do
13 an EFP late in the day and you'd have to post it
14 the next morning, but it has to be posted down on
15 the floor.

16 And so I would -- typical instance, I'd

17 pick up the phone to (b)(7)(C), 'Hey, (b)(7)(C), (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4).

1 BY MS. RYALL:

2 Q Okay. And you said you had to do that
3 within the same day. Was there any particular
4 number of hours that you were required to do that
5 within or time span?

6 A I don't -- I don't know there was any,
7 like, written rule. I do know that you had to
8 post it during COMEX hours 8:20 to 1:30. And if
9 you did a trade after 1:30, you'd make sure you
10 posted it early in the morning the next day.

11 Q Did JP Morgan have any rules about how
12 soon you had to put it into your system?

13 A (b)(4)

14 Q And by that I meant (b)(4).

15 A (b)(4)

16 (b)(4)

17 (b)(4); (b)(7)(C), (b)(4)

18 (b)(4)

19 Q (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4) ?

1 A (b)(4).

2 Q Did (b)(7)(C) ever have to do that for
3 you?

4 A (b)(4)

5 Q As a trader, do you pay attention to how
6 many EFPs are being done by others, if they're
7 posted anywhere?

8 A (b)(4)

9 (b)(4)

10 (b)(4). I mean, it's public
11 information. That's why you have to post it. So
12 you'll hear sometimes '5,000 EFPs just went up'
13 and you're like, 'Oh, what just happened?' (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q They don't announce the price, though,
20 just the number of EFPs?

21 A They -- (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4).

5 Q So were there any other reasons that you
6 would do an EFP in your particular trading?

7 A Again, (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q Did anyone ever come and ask you to
14 reduce your EFP position?

15 A I don't -- I don't remember.

16 MR. BENJAMIN: Meaning his effective,
17 effective EFP position?

18 MS. RYALL: At JP Morgan. Yes.

19 THE WITNESS: (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4) (b)(7)(C) (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 BY MS. RYALL:

8 Q You said (b)(4). Do you mean -

9 A (b)(4). I'm sorry. Sorry

10 about that.

11 I forget what that was called. (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4). So I remember (b)(7)(C) (b)(4)

16 (b)(4)

17 (b)(4).

18 Q Did you ever make markets in EFPs to

19 clients?

20 A Before -- the answer (b)(4). Before

21 Bear Stearns, myself and (b)(7)(C) (b)(4)

22 (b)(4)

1 Stearns, (b)(4)

2 (b)(4)

3 Q And do you know what an exchange for
4 swap is?

5 A Exchange for swap? No.

6 MR. BATTAGLIA: Can I ask a follow-up on
7 the timing of the EFPs? Just for your own
8 trading, what was the typical delay between when
9 you would review the EFP with your counterparty
10 and when you would call the broker and have them
11 post it on the floor?

12 THE WITNESS: Again, (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4) .

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 MR. BATTAGLIA: Would there ever be a
3 delay of hours or would there be -

4 THE WITNESS: (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 MR. BATTAGLIA: (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 THE WITNESS: (b)(4)

18 (b)(4)

19 (b)(4)

20 MR. CUSIMANO: Just one -- one question
21 before we go to lunch. Did you ever execute
22 trades in the pit?

1 THE WITNESS: Did I -- was I physically
2 in the pit?

3 MR. CUSIMANO: No. No. Did you execute
4 trades in your capacity at JP Morgan through
5 brokers?

6 THE WITNESS: (b)(4)

7 MR. CUSIMANO: (b)(4)

8 (b)(4) ?

9 THE WITNESS: Well, (b)(4)

10 (b)(4).

11 MR. CUSIMANO: (b)(4)

12 (b)(4) ?

13 THE WITNESS: (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4) -- were with me at

17 Morgan Stanley for eight to 10 years. So these
18 are long-term relationships.

19 MR. CUSIMANO: So you used (b)(4)

20 (b)(4) that you were talking about from the EFP
21 transactions?

22 THE WITNESS: (b)(4)

1 MR. CUSIMANO: Okay. But you would

2 execute outright and spreads?

3 THE WITNESS: (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 MR. CUSIMANO: Okay.

9 BY MS. RYALL:

10 Q Why did you (b)(4)

11 (b)(4) rather than doing it electronically?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 MS. RYALL: Anybody else? Okay. Let's
18 take an hour break for lunch. So we'll come back
19 at about 1:25. We're off the record.

20 (Whereupon, at 12:24 p.m., a
21 luncheon recess was taken.)

1 A F T E R N O O N S E S S I O N

2 (1:56 p.m.)

3 MS. RYALL: Okay. We'll go back on the
4 record. It's about 5 to 2. We took a lunch
5 break.

6 Whereupon,

7 CHRISTOPHER T. JORDAN

8 was recalled as a witness, and having been
9 previously duly sworn, was examined and testified
10 further as follows:

11 EXAMINATION BY COUNSEL FOR THE COMMODITY

12 FUTURES TRADING COMMISSION CONTINUED

13 BY MS. RYALL:

14 Q You were talking earlier about your own
15 personal strategy and you talked about (b)(4)

16 (b)(4)?

17 A (Nodding)

18 Q (b)(4)

19 (b)(4)

20 (b)(4)?

21 A Well, as I said, I mean, (b)(4)

22 (b)(4)

1 (b)(4) . And as

2 I also said earlier in my testimony, (b)(4)

3 (b)(4) , but my mentality has

4 always been to do the best possible job for the

5 client.

6 (b)(4)

7 (b)(4)

8 (b)(4) .

9 Q To trade with the client?

10 A (b)(4)

11 (b)(4) .

12 Q Okay. So (b)(4)

13 (b)(4)

14 (b)(4) ?

15 A Well, (b)(4)

16 (b)(4)

17 (b)(4) .

18 Q Uh-huh.

19 A (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 Q When you're covering the risk or trying
13 to execute for client, are you -- how long do you
14 sit there watching to see where the price is going
15 or do you just do it immediately?

16 A (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4). I'm sorry.

8 Q It's okay.

9 A All right.

10 Q So could it happen that you would be
11 selling when the market is going down?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4).

18 Q I want to talk about the business of JP
19 Morgan pre-Bear Stearns versus after Bear Stearns.

20 A Okay.

21 Q I want to know what the difference were.

22 Can you kind of describe what the business was in

1 the precious metals group was like before Bear
2 Stearns?

3 A Sure. The biggest difference -- and I
4 think I said this earlier in my testimony -- was
5 that the market had not gone electronic when I
6 first joined, and the opening up of the electronic
7 ability and the ETFs allowed customers much more
8 readily -- much more availability to trade these
9 clients. (b)(4)

10 (b)(4).

11 So my first few years there, (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4). As it went electronic in

15 '07 and '08, (b)(4)

16 (b)(4)

17 and when Bear Stearns actually got integrated into
18 our group, so '08 and '09, (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4); (b)(7)(C)

4 (b)(4)

5 (b)(4)

6 Q What about the culture or the atmosphere

7 at the desk before and after?

8 A (b)(4)

9 (b)(4).

10 Q Before Bear Stearns?

11 A Before Bear Stearns. The addition of

12 Bear Stearns, you know, (b)(4)

13 (b)(4)

14 (b)(7)(C), who I had mentioned earlier. (b)(4)

15 (b)(4)

16 (b)(4). And, yeah, I mean, I just think (b)(4)

17 (b)(4). The ETF wasn't a part of it.

18 So I think (b)(4)

19 (b)(4)

20 (b)(4), if that makes sense.

21 Q Was there any tension between the

22 traders once the Bear Stearns traders came over?

1 A I don't recall tension. I recall it
2 being a very amicable thing at the start. And it
3 was a big group hug for the first, you know,
4 couple months, but I would say that -- I mean, I
5 would say (b)(4). So I
6 kind of -- (b)(4), as I described
7 earlier. But I wouldn't describe it as tension,
8 no.

9 Q Now, (b)(3);7 U.S.C. §12 (CEA); (b)(4)
10 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

11 (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?

12 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
13 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

16 (b)(3);7 U.S.C. §12 (CEA); (b)(4) .

17 Q Okay. My next question would be: (b)(3);7 U.S.C.
18 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

19 (b)(4) ?

20 A (b)(4) .

21 MR. PENICK: When you say (b)(3);7 U.S.C. §12
(CEA); (b)(4)
22 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

2 THE WITNESS: (b)(3);7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3);7 U.S.C. §12 (CEA); (b)(4).

4 BY MS. RYALL:

5 Q What -- what advantages did JP Morgan
6 have as a participant in the precious metals
7 market?

8 A After the merger or just in general?
9 What advantages?

10 Q Before and after.

11 A The thing I know about JP Morgan -- and
12 this is from my time at Morgan Stanley -- (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4).

19 They were known, I vaguely recall, (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4).

2 And the other advantage, I mean, (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q Did any of that change after Bear

9 Stearns?

10 A (b)(4)

11 Q So just in your trading, being a trader
12 for JP Morgan, what advantages did you feel you
13 had that other participants maybe didn't have?

14 A Well, I think I stated earlier, (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4). The advantages that I had by going
21 there from Morgan Stanley, I don't see any. I
22 don't see any.

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q So how was that -- how did you see that?

9 How was it communicated to you -

10 A Well -Q

11 -- (b)(4)

12 A How was it communicated? (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4) and, you know, it kind of was

17 one -- I just remember vaguely conversations with

18 (b)(7)(C) (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 Q And you said they brought you over to do

3 a certain -- be or have a (b)(4)

4 (b)(4) ?

5 A (b)(4) .

6 Q What does that mean?

7 A That means, I guess, the way -- I had a

8 reputation as being very fair to clients. Like

9 being (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 MR. BENJAMIN: When you say (b)(4)

22 you mean give narrow bid offer spreads?

1 THE WITNESS: (b)(4),

2 (b)(4)

3 (b)(4).

4 BY MS. RYALL:

5 Q Did you see an increase in their client
6 base because of that?

7 A (b)(4)

8 (b)(4).

9 Q Did you ever execute orders at the -specifically
10 orders in the futures market at
11 directions of any other traders?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4).

18 Q So was anyone regularly saying, can you
19 do this or that?

20 A What do you mean?

21 Q Telling you, you know, please go and do,
22 like get the hundred futures contract?

1 A (b)(4) .
2 Like, (b)(4)
3 (b)(4) (b)(7)(C) (b)(4)
4 (b)(4)
5 (b)(4)
6 (b)(4)
7 (b)(4)
8 (b)(4)
9 (b)(4)
10 (b)(4)
11 (b)(4) .

12 Q I've seen some e-mails (b)(4)
13 (b)(4)
14 (b)(4)
15 (b)(4)
16 (b)(4)
17 (b)(4)

18 A Here's what happened.

19 Q (b)(4)
20 (b)(4)
21 (b)(4) -

22 A Try to -

1 Q -- (b)(4) ?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4).

13 Q And where was that? How was that kept?

14 A (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q And then what would happen with those?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4) (b)(7)(C)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4).

11 Q That you wanted to get done?

12 A Well, (b)(4)

13 (b)(4)

14 (b)(4).

15 Q So if you (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4) ?

19 A (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4) (b)(7)(C) (b)(4)

3 (b)(4)

4 (b)(4) -

5 Q Back to back?

6 A (b)(4)

7 Q A flat do you mean?

8 A Well, (b)(4)

9 (b)(4).

10 Q Okay.

11 A Now, (b)(4) -- and I know you

12 didn't ask this, (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 Q Did you ever do spot transactions on
17 your own initiative rather than from a client
18 request?

19 A (b)(4)

20 Q Okay. What would be the purpose?

21 A (b)(4)

22 (b)(4)

1 (b)(4) (b)(7)(C) (b)(4)

2 (b)(4) (b)(7)(C) (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 Q What would prompt that?

8 A I mean, like I said is (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4).

16 Q Was there a way that you could put
17 orders in for Globex that would possibly trade
18 overnight when you weren't actually at work?

19 A (b)(4)

20 (b)(4) (b)(7)(C) -- (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4), but like I

2 said, I wasn't very good with the electronics.

3 Q What kind of size did you generally do
4 when you were trading on Globex or in the pit?

5 A Just generally like in terms of overall
6 position or in terms of -

7 Q Lots, I guess.

8 A -- lot size per transaction?

9 Q Yes.

10 A (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 MR. BENJAMIN: And you're speaking now
17 of the trading you did -

18 THE WITNESS: (b)(4)

19 MR. BENJAMIN: -- on a proprietary basis
20 as opposed to hedging customer transactions?

21 THE WITNESS: Well, (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 MS. MANLEY: And what size generally
4 were customer trades?

5 THE WITNESS: Again, (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(7)(C) (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 MS. MANLEY: Thank you.

2 THE WITNESS: Sure.

3 BY MS. RYALL:

4 Q How many lots would you trade on a given
5 day, just generally?

6 A (b)(4) you know, like as I
7 described my style earlier, (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q And is that including proprietary and
14 client?

15 A (b)(4)

16 Q (b)(4) ?

17 A (b)(4).

18 Q Is that silver or gold or both?

19 A (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 Q How much effect do you think your
10 individual trading had on the pricing of the
11 futures contracts?

12 A (b)(4)

13 Q Why?

14 A (b)(4)

15 (b)(4). I mentioned earlier about the
16 EFPs. I mean, this brought a whole different
17 group of liquidity to our world that, which I
18 believe is why all these markets have gone
19 straight up in the last five years and will
20 continue to go a lot higher, but -- and also
21 there's a community called the algorithm community
22 which, I mean, I don't know who's behind that or

1 who -- you know, they're obviously mathematical
2 wizards.

3 But you'd see, like, the Euro go up and
4 then you'd see -- I always thought it was a
5 computer program that would track Euro versus gold
6 or crude versus gold. So what I noticed was the
7 markets got much thicker in general.

8 Q What do you mean by thick?

9 A Just liquidity. Like you couldn't -you
10 couldn't move the market. Like (b)(4)

11 (b)(4)

12 (b)(4). Like when it used to be the

13 COMEX, the open outcry, you had much less of a
14 scope or an idea of what liquidity is out there,
15 but when you look at it electronically, (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q How much effect do you think your

22 individual trading had on the prices of or the

1 differentials of the EFP?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) -

8 Q What do you mean (b)(4)?

9 A Like the way the brokers would quote it
10 is like a 10 cent spread usually, and I found that

11 (b)(4)

12 (b)(4)

13 (b)(4). There were people willing to do
14 both sides.

15 So liquidity in the EFP market I found
16 to be tremendous, (b)(4)
17 (b)(4).

18 Q Did you ever put in a bid offer with a
19 broker in order to show your view?

20 A In outright or EFPs?

21 Q Either.

1 (b)(4)

2 (b)(4).

3 Q At JP Morgan, were you aware of the
4 movements of physical metals in and out of JP
5 Morgan's vault in London?

6 A (b)(4)

7 (b)(4) (b)(7)(C)

8 and (b)(7)(C) and, you know, (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q So (b)(4), what did
14 you do each day?

15 A Each day -Q

16 How did you watch it and then -A

17 Like I said earlier in my testimony, (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 MR. BENJAMIN: In your effective EFP
12 position?

13 THE WITNESS: (b)(4) I'm talking too
14 much. I'm sorry.

15 BY MS. RYALL:

16 Q I just had a question in my mind and
17 it's gone.

18 A Oh.

19 Q How do you know what your P&L was at any
20 given time your own personal?

21 A (b)(4) was a tremendous system and (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 Q Was there a P&L -- I guess they called

13 it -- budget that you had?

14 A (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q In a year?

20 A (b)(4)

21 Q In your individual (b)(4)

1 A (b)(4) and (b)(4).

2 Q Oh, okay. And was there any pools or
3 did anything happen if you went -- your P&L went
4 down by a certain amount?

5 A (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)?

10 Q Uh-huh.

11 A (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4).

19 Q So if your budget was?

20 A (b)(4)

21 (b)(4).

22 Q (b)(4)

1 (b)(4) ?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 Q Did they keep track of risk parameters
7 like a bar?

8 A (b)(4)

9 Q Was it something that you had to think
10 about on a daily basis?

11 A (b)(4)

12 Q (b)(4) ?

13 A I think I stated earlier in my
14 testimony, (b)(4)

15 (b)(4)

16 Q You said you were focused a lot on
17 (b)(4) ?

18 A (b)(4) .

19 Q (b)(4) ?

20 A (b)(4) .

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4).

3 Q What do you mean (b)(4)?

4 (b)(4)

5 (b)(4)?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q Did the financial crisis in late 2008

20 affect your trading?

21 A Did it affect my trading? I don't

22 remember. I don't remember.

1 Q How was your style of trading different
2 from the other guys on your bench in New York,
3 like Mr. (b)(7)(C) or Mr. (b)(7)(C) ?

4 A Well, first of all, (b)(4), (b)(7)(C) (b)(4)
5 (b)(4), and (b)(7)(C) (b)(4)
6 (b)(4). But I was -- I
7 described my style earlier as (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(7)(C) (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4). And (b)(7)(C) (b)(4)

16 (b)(4)

17 (b)(4)

18 Q Did Mr. (b)(7)(C) -- did his option
19 positions ever come into play with the way you or
20 Mr. (b)(7)(C) were trading?

21 A (b)(4) I mean, (b)(7)(C)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 Q (b)(4)?

4 A (b)(4).

5 Q Just in your opinion as a trader, how
6 does the size of a -- a lot size of a trade affect
7 the price on the market?

8 A (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 Q Were there any certain considerations
21 you had to think about when you were doing a large
22 lot size?

1 A (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q Again, when you say large for customers,

9 it was like?

10 A (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4) (b)(7)(C) (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q What about just the fact of putting up

22 (b)(4) say, Globex or can you do it all at

1 once?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 Q What does that mean?

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4) That's the way I thought.

19 Q (b)(4)

20 (b)(4)?

21 A (b)(4)

22 (b)(4)

1 Q Okay.

2 A You know, so that -- (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q So it could take you a while to cover

19 that client?

20 A (b)(4)

21 Q And so (b)(4)

22 (b)(4)?

1 A Again, (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4).

6 Generally.

7 Q Can you cancel an order in Globex?

8 A (b)(4).

9 Q Okay. Did you ever do that?

10 MS. MANLEY: Can you describe the

11 process for canceling an order? Sorry.

12 THE WITNESS: I'm trying to remember it.

13 You point and -- the way I remember from (b)(4), which

14 was the last system I used, which was the Globex

15 system -

16 BY MS. RYALL:

17 Q And that's the interface with Globex

18 that traders use?

19 A (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4) .

6 MS. MANLEY: (b)(4)

7 (b)(4)

8 (b)(4) ?

9 THE WITNESS: (b)(4)

10 (b)(4) .

11 MS. MANLEY: (b)(4)

12 (b)(4)

13 (b)(4) ?

14 (b)(4)

15 (b)(4) ?

16 THE WITNESS: (b)(4) .

17 MS. MANLEY: So, (b)(4)

18 (b)(4) okay?

19 THE WITNESS: Uh-huh.

20 MS. MANLEY: (b)(4) .

21 (b)(4) .

22 THE WITNESS: (b)(4) .

1 (b)(4) .

2 MS. MANLEY: (b)(4)

3 (b)(4) .

4 THE WITNESS: Okay.

5 MS. MANLEY: (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4) ?

11 THE WITNESS: (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4) .

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4) -

20 MS. MANLEY: (b)(4)

21 (b)(4)

22 (b)(4) ?

1 THE WITNESS: (b)(4)

2 (b)(4)

3 (b)(4)

4 BY MS. RYALL:

5 Q (b)(4)?

6 A Well, (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 MR. BENJAMIN: (b)(4)

11 (b)(4)

12 (b)(4)?

13 THE WITNESS: (b)(4)

14 BY MS. RYALL:

15 Q (b)(4)

16 (b)(4)?

17 A (b)(4).

18 MR. SCHROEDER: (b)(4)

19 (b)(4)? (b)(4)?

20 THE WITNESS: Well, (b)(4)

21 (b)(4).

22 MR. BATTAGLIA: Mind if I follow up?

1 You just described (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4) ?

6 THE WITNESS: (b)(4)

7 MR. BENJAMIN: Can I ask? I'm sorry.

8 Just to make sure I'm clear on the question. You

9 mean (b)(4)

10 (b)(4) ?

11 MR. BATTAGLIA: (b)(4)

12 (b)(4)

13 MR. BENJAMIN: Okay.

14 MR. BATTAGLIA: (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4) ?

21 MR. BENJAMIN: Why don't you take those

22 one at a time.

1 THE WITNESS: In (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 MR. BATTAGLIA: (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 THE WITNESS: Well, (b)(4)

12 (b)(4)

13 (b)(4)

14 MR. BATTAGLIA: That generally seemed.

15 So in your mind, in your opinion, that was a size

16 -- a sizable order?

17 THE WITNESS: (b)(4) ?

18 MR. BATTAGLIA: (b)(4)

19 in the silver market I think your example was, or

20 was that gold?

21 THE WITNESS: (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 MR. BATTAGLIA: Could you give an
4 example, in your opinion, what a sizable order
5 would be in a gold or a silver EFP market? Just
6 your opinion.

7 THE WITNESS: I mean, (b)(4)

8 (b)(4)

9 (b)(4)

10 MR. BATTAGLIA: Both?

11 THE WITNESS: (b)(4).

12 MR. BATTAGLIA: Thank you.

13 BY MS. RYALL:

14 Q In either market?

15 A (b)(4).

16 Q And you said (b)(4) was a
17 large customer order?

18 A (b)(4).

19 Q In gold?

20 A (b)(4).

21 Q So how many lots would be sizable to you
22 in silver?

1 A (b)(4)

2 (b)(4)

3 (b)(4).

4 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3);7 U.S.C. §12 (CEA); (b)(4)?

7 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

11 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

12 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

13 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

16 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

17 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

20 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

22 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 A Again, (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 Q When you were trading futures on the
6 exchange, did you have any control over which FCM
7 account your trades got placed into?

8 A What is FCM?

9 Q Like at JP Morgan.

10 MS. MANLEY: Futures commission.

11 BY MS. RYALL:

12 Q Futures commission merchant account
13 where that would hold the futures contracts?

14 A I've never heard that term before.

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4). So I don't know how that relates to FCM.

19 Q Okay. So we're aware of there having
20 been some of these accounts, and I can just tell
21 you two of the numbers and see if you recognize
22 them.

1 A Uh-huh.

2 Q (b)(4) ?

3 A (b)(4) .

4 Q (b)(4) ?

5 A (b)(4) -

6 MR. BENJAMIN: (b)(4)

7 (b)(4) .

8 THE WITNESS: (b)(4) .

9 BY MS. RYALL:

10 Q When you were inputting EFPs into the
11 (b)(4) , was there a field
12 to put in the actual time that you made the deal?

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4) . And

17 like I said, I think I said earlier in my

18 testimony, (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 Q Did the internal system show or record
4 if a trade was done on the floor rather than
5 Globex?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 Q (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4) (b)(7)(C) (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4) -Q

21 (b)(4) ?

22 A Was that it?

1 MR. BENJAMIN: I think so.

2 THE WITNESS: (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4).

6 BY MS. RYALL:

7 Q So (b)(4)

8 (b)(4)?

9 A (b)(4)

10 (b)(4).

11 MS. RYALL: Let's just take a few
12 minutes break. There's an exhibit I want to show
13 and it's being copied.

14 MR. BENJAMIN: Okay.

15 THE WITNESS: No problem.

16 MS. RYALL: Off the record.

17 (Recess)

18 MS. RYALL: Back on the record.

19 BY MS. RYALL:

20 Q I have two small topics I want to cover
21 before we get to this exhibit.

22 A Okay.

1 Q The first thing is is: How did you
2 generally communicate with other traders outside
3 of JP Morgan?

4 A Outside of JP Morgan?

5 MR. BENJAMIN: You mean customers?

6 BY MS. RYALL:

7 Q Customers.

8 A (b)(4)
9 (b)(4)
10 (b)(4)
11 (b)(4). I commun -- generally communicate
12 with friends and stuff like that on the phone or
13 on chats, Bloomberg Chats.

14 Q And how did you communicate with other
15 traders at JP Morgan?

16 A In London, like I said, (b)(4)
17 (b)(4)
18 (b)(4)
19 (b)(4)

20 Q Did you have any traders who you
21 regularly discussed market conditions with outside
22 of JP Morgan? Not necessarily someone that you

1 traded with, but anybody.

2 A I mean, I had friends that I talked to
3 outside, but I wouldn't say they were really
4 involved in my markets. Yeah.

5 Q Were there any traders outside of JP
6 Morgan that you would discuss what you were
7 trading with?

8 A I would mainly, as I recall, give my
9 opinions to, you know, and I would categorize
10 these people as friends, not really traders per
11 se.

12 Q Are there any traders that you regularly
13 gave advice, trading advice, to while you were at
14 JP Morgan?

15 A Again, I can't really say advice, but I
16 have opinions on the markets. So I'd usually
17 offer my opinions.

18 Q Did you ever offer as your opinion a
19 view that was opposite to what you actually had?

20 A I don't remember. I honestly don't
21 remember the answer to that. I know there's a lot
22 of loose language and exaggerations involved with

1 speaking to people, but I generally would like to
2 believe that I would usually tell people my views
3 and right or wrong.

4 Q Did you ever tell any other traders or
5 anyone outside of JP Morgan what you planned to
6 trade?

7 A That's -- again, I don't exactly
8 remember that. But that's another way of just
9 giving your opinion. So I would say most of it
10 was loose talk to describe an opinion you have on
11 the market.

12 MR. SMITH: When you say exaggeration,
13 what do you mean?

14 THE WITNESS: Well, there's a few
15 friends, you know, I have that, you know, just you
16 have to know the relationship we had with each
17 other. It's one upmanship, bravado, and I have
18 this size position and I have this size position,
19 but it's very tongue in cheek. Just chat amongst
20 friends.

21 MR. SMITH: Which friends would those
22 be? Any in particular?

1 THE WITNESS: The two that I can think
2 of is, you know, my best friend from college,
3 (b)(7)(C), and the other that I think of is
4 (b)(7)(C). And (b)(7)(C) and I went to school
5 together and are very friendly. And (b)(7)(C),
6 who's just a young kid that interviewed with my
7 firm, who I just have a very close friendship
8 with.

9 MR. SMITH: This would be over the phone
10 or -

11 THE WITNESS: Both. But I would say the
12 majority was, from what I recall, was them calling
13 me and, you know, (b)(4)
14 (b)(4)
15 (b)(4), and then you have a few
16 friends at the bottom that you look up at every
17 now and then and just give some chatter.

18 BY MS. RYALL:

19 Q So how did you -- you said (b)(7)(C) was
20 interviewed by your firm and you became friends
21 after that?

22 A I was -- I was introduced to him by a

1 friend named (b)(7)(C) (b)(7)(C). I didn't mention
2 him. He's another good friend of mine that I
3 worked with at Morgan Stanley, but (b)(7)(C) knew
4 (b)(7)(C) well and really thought very highly of him.
5 He's a young kid, I believe just out of college a
6 few years, and he wanted to get on a trading desk.
7 So he interviewed at Morgan Stanley -- JP Morgan
8 and he didn't get a job there, but -- and then I
9 -- I would say I helped him get a job at his next
10 place of work, First New York Securities, where I
11 just gave a very good review of what I thought his
12 abilities were.

13 Q Do you socialize with any of these
14 three; (b)(7)(C) ?

15 A Yes.

16 Q All of them?

17 A Yes.

18 Q Okay. How often do you see them?

19 Let's start with Mr. (b)(7)(C).

20 A Yeah. I mean, (b)(7)(C) is probably my
21 closest friend in the group. You know, he's very
22 close to my family. (b)(6); (b)(7)(C)

1 (b)(6); (b)(7)(C)
2 (b)(6); (b)(7)(C) . So he's very
3 friendly with (b)(7)(C) . I probably talk to him
4 three to five times a week and see him once a
5 month, hopefully.

6 (b)(7)(C) would call me regularly, as I
7 recall, and I saw him less regularly. Maybe a
8 couple times a year but, you know, I'd talk to him
9 via chat.

10 And (b)(7)(C) and I used to be, you
11 know, used to go out a lot. (b)(6); (b)(7)(C)
12 (b)(6); (b)(7)(C) , actually, and
13 that didn't work out well for him. So I didn't
14 see him after that. But no. (b)(6); (b)(7)(C)
15 (b)(6); (b)(7)(C) . But anyway, yes,
16 we're all very friendly.

17 Q Is there anyone at your trading desk
18 that you socialized with a lot?

19 A I mean, not that I really recall. I
20 mean, I'd say I was probably closest with (b)(7)(C)
21 just because we have similar families and kids,
22 but generally otherwise it was only if there was,

1 like, a group function.

2 Q Okay. I want to go back to the bonuses
3 a little bit. At the time that you were at JP
4 Morgan, was any part of your bonus discretionary
5 to your supervisors?

6 A (b)(4)

7 Q (b)(4)

8 (b)(4)

9 (b)(4) ?

10 A It's kind of like -- the way I always
11 understood it, (b)(4)

12 (b)(4)

13 (b)(4).

14 Q Who told you that?

15 A I believe when I was hired, I remember

16 (b)(7)(C) (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q And so (b)(4)

22 (b)(4) ?

1 A Well, (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4).

5 Q So it wasn't (b)(4) that
6 you could -- that you would get about (b)(4)

7 (b)(4)?

8 A (b)(4).

9 Q And when did they determine (b)(4)

10 (b)(4)? Like

11 what date would they look at it?

12 A Again, (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q Uh-huh.

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 Q When was it usually paid?

3 A (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 MR. BATTAGLIA: Were those public

8 numbers? You said (b)(4). Would

9 they just be your desk or would it be other JP

10 Morgan metal desks included in there?

11 THE WITNESS: As I remember, (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4).

20 BY MS. RYALL:

21 Q So (b)(4)

22 (b)(4)?

1 A (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 Q So the first two years you (b)(4)

6 (b)(4)

7 Did you get more than that as a bonus?

8 A (b)(4).

9 Q Okay. And then the third year, what did
10 you get?

11 A Okay. The third year, now that's when
12 the Bear Stearns integration happened, and (b)(4)

13 (b)(4), and I hope I
14 conveyed earlier that I was very upset by that
15 and, you know, disheartened I guess would be the
16 word.

17 So what happened, as I recall it, was

18 (b)(7)(C) (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4) Blah blah blah. (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4); (b)(6)

6 (b)(4)

7 Q Uh-huh.

8 A (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4). So I just remember that.

12 (b)(4), that was in 2008

13 when the crash happened and banks did horribly.

14 (b)(4)

15 (b)(4)

16 So what I was told at the end of that

17 year by (b)(7)(C) and (b)(7)(C) was -- (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 [REDACTED]

2 [REDACTED]. I just really liked
3 working for these guys. I loved being a part of
4 this group.

5 So I recall saying something to the
6 effect of 'I leave it in your hands, [REDACTED]. You
7 know, I just -- I want to work for you forever. I
8 mean, do what you want to do.'

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 Q Then you left the end of 2009; right?

14 A Yeah.

15 Q Did you get a bonus for that year?

16 A [REDACTED].

17 Q Okay. [REDACTED]?

18 A [REDACTED].

19 Q And what was the base salary?

20 A [REDACTED].

21 Q So your total was [REDACTED]?

1 Q And what was the (b)(4);
(b)(6) based on for that
2 year?

3 A From what I was told was, (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) -- what I was told.

8 MS. RYALL: Okay. This is -- I'm going
9 to mark this as Exhibit 2 and it's actually in
10 three parts. So we can do 2A, B and C.

11 (Jordan Exhibit No. 2 was marked
12 for identification.)

13 BY MS. RYALL:

14 Q All right. So for the record, this is
15 one exhibit and we have it in three parts. The
16 Bates number for the entire exhibit is JPM-AG
17 00271889. Part A goes from page 1 to page 9, part
18 B goes through page 10 through page 22, and part C
19 goes from page 23 to page 38.

20 If you could take a few minutes to look
21 through that.

22 A Sure.

1 MR. BENJAMIN: Hang on. Just take a
2 minute.

3 BY MS. RYALL:

4 Q Take your time.

5 A Okay.

6 Q So I will represent to you that this
7 actually is a hard copy of an Excel file that was
8 produced to us by JP Morgan.

9 A Okay.

10 Q And the name that they gave it is

11 "(b)(4) -

12 A Okay.

13 Q -- for the close of business on October
14 15th." And the Bates number that they gave us
15 when they produced this is the one I mentioned,
16 and when we printed the hard copy, we had the
17 Bates number printed -- come out printed on the
18 top and then the tab or sheet name -

19 A Yeah.

20 Q -- in Excel printed on the bottom. So
21 on the first page, you see summary at the bottom.
22 That was the tab.

1 A Oh, okay.

2 Q And we tried to print these to make them
3 as easy as possible to follow, but sometimes these
4 Excel spreadsheets are so big.

5 Okay. My first question was going to
6 be: Do you recognize this?

7 A No, I do not.

8 Q Okay. It's not something you would have
9 seen at -- you saw at JP Morgan?

10 A I don't recognize seeing something like
11 this, no.

12 Q (b)(4)

13 (b)(4) ?

14 A (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q Okay. So you said (b)(4)

19 (b)(4); right?

20 A (b)(4)

21 Q (b)(4)

22 (b)(4) ?

1 A Yeah. There was -- (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 Q Uh-huh.

7 A But I don't remember. (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4).

11 Q Uh-huh.

12 A And then -- (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q Do you recall it being a lengthy

19 spreadsheet?

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 MS. RYALL: I want to mark this as

4 Exhibit 3.

5 (Jordan Exhibit No. 3 was marked

6 for identification.)

7 BY MS. RYALL:

8 Q I'm handing you what's been marked as

9 Exhibit 3.

10 A Uh-huh.

11 Q And take a few minutes to look at that.

12 A Okay.

13 MR. CUSIMANO: Have you moved off this?

14 MS. RYALL: He said he had never seen it

15 before.

16 MR. CUSIMANO: I just want to ask.

17 Could you move to page 4 of the first part of

18 that?

19 THE WITNESS: Exhibit 2A?

20 MR. CUSIMANO: Yes, 2A.

21 THE WITNESS: Yeah.

22 MR. CUSIMANO: Is that what your (b)(4)

1 would display or look like? That it would be a
2 report in that format?

3 THE WITNESS: (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C) (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4).

14 MR. CUSIMANO: Okay. I was wondering.
15 We're looking for it. If it was something similar
16 to that or something completely different.

17 THE WITNESS: (b)(4)

18 BY MS. RYALL:

19 Q When you looked through each page of
20 Exhibit 2, did any of them look familiar to you
21 that you may have seen in another format or in
22 another place?

1 A On page 3.

2 MR. BENJAMIN: This is of Exhibit 2A?

3 THE WITNESS: Yeah. On page 3, that was

4 because (b)(4)

5 (b)(4)

6 that you have categorized here.

7 BY MS. RYALL:

8 Q Uh-huh.

9 A I would just have -- I would just look

10 at the (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q And that's what you would see in (b)(4) ?

18 A That's what I would see in (b)(4) just to

19 (b)(4).

20 Q When you would see it in (b)(4), the

21 negative numbers or the positive numbers, what did

22 they represent?

1 A (b)(4).

2 Q Lots or ounces?

3 A (b)(4).

4 Q In (b)(4)?

5 A So I believe. (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 Q Which is silver?

10 A (b)(4)

11 (b)(4). So I'd see like -- gosh,

12 I really am having trouble remembering, but (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q Okay.

18 MR. BENJAMIN: And just for the record,

19 the witness is pointing to page 3 of Exhibit 2A

20 and indicating the left-hand, the three columns on

21 the left of the page.

22 THE WITNESS: Oh, I think it's the

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 BY MS. RYALL:

5 Q Uh-huh.

6 A (b)(4)

7 (b)(4) -

8 MR. BENJAMIN: So it looks like it had

9 all the -- as you remember it, (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4), as best you can recall?

13 THE WITNESS: As best I can recall

14 because, I mean, I was a spot trader. (b)(4)

15 (b)(4)

16 BY MS. RYALL:

17 Q Do any of the other pages look familiar
18 to you?

19 A (b)(4).

20 Q Okay.

21 A (b)(4)

1 moment to look at that.

2 A (b)(4)

3 (b)(4)

4 (b)(4).

5 Q Do you recognize this document?

6 A (b)(4)

7 (b)(4)

8 (b)(4).

9 Q Okay. This appears to be an e-mail sent
10 on October 16, 2009 to multiple JP Morgan -

11 A Yes.

12 Q -- employees, including yourself?

13 A Yes.

14 Q Okay. And this says "Subject:

15 (b)(4)"?

16 A (b)(4).

17 Q And it appears to have attachments to

18 it. (b)(4)

19 (b)(4)

20 (b)(4). This is what you

21 were talking about that (b)(4)

22 (b)(4)?

1 A (b)(4)

2 (b)(4)

3 (b)(4). So -

4 Q Okay.

5 A -- as I remember it, (b)(4)

6 (b)(4) (b)(7)(C) (b)(4)

7 (b)(4).

8 Q When did you give that?

9 A (b)(4) -

10 Q Okay.

11 A -- (b)(4)

12 (b)(4)

13 Like I was describing earlier in (b)(4)

14 (b)(4)

15 (b)(4).

16 Q How did you give him the number?

17 A (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4); (b)(7)(C)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 Q So if something would come up on your
4 P&L, would you e-mail that screen to him or what
5 did you do?

6 A (b)(4)

7 (b)(4)

8 Q Okay.

9 A (b)(4)

10 (b)(4) -

11 Q Okay.

12 A -- (b)(4)

13 (b)(4).

14 Q Okay. And this says (b)(4)

15 (b)(4) " What is provisional; do you
16 remember?

17 A (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q Do you recall -- the attachments aren't
22 actually included on this e-mail.

1 A Uh-huh.

2 Q But do you recall these names here on
3 the attachment line, "(b)(4)"?

4 A (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 Q You mean the chart shown in the middle
10 of the e-mail you're saying was grabbed from the
11 Excel spreadsheets that were attached?

12 A (b)(4).

13 Q So did you look at the actual attached
14 spreadsheets when you got this?

15 A (b)(4)

16 (b)(4)

17 (b)(4).

18 Q Okay. Well, take me through the charts
19 that are actually shown in this e-mail and show me
20 which things relate to you.

21 A On page 1, the number that I was always
22 looking at was -

1 Q Pard me. Let me just for the record,
2 this is a two-page exhibit.

3 A Oh.

4 Q At the bottom on the first page it has
5 the Bates number JPM-AG 00157471 and the next is
6 157472. So you said page 1?

7 A Page 1. (b)(4)
8 (b)(4).

9 Q Okay. And that's on the left column?

10 A Upper left.

11 Q Okay. And that was you?

12 A (b)(4)
13 (b)(4).

14 Q Okay.

15 A (b)(4) (b)(7)(C) (b)(4)
16 (b)(4) (b)(7)(C) (b)(4)
17 (b)(4) (b)(7)(C) (b)(4)
18 (b)(4)
19 (b)(4)

20 Q Okay.

21 A So that's really, you know, what I'd
22 look at. (b)(4)

1 (b)(4)

2 Q Going down this column, you didn't look
3 at any of the others?

4 A (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4) So -

19 Q Okay. So on page 2 on the left-hand

20 side, it has the second column over says "(b)(4)

21 (b)(4)" Is that what you're looking

22 at?

1 A Yes.

2 Q Okay. So which one of the names under
3 that column relate to you?

4 A "[b](4)"

5 Q Okay. Any others?

6 A [b](4)

7 Q Okay. And so none of the ones under

8 [b](4)

9 relate to you?

10 A [b](4); [b](7)(C) and I, [b](4)

11 [b](4) -- [b](7)(C) -- that we shared. I don't

12 know where that is in here. We -- when I'm saying

13 [b](4)

14 [b](4)

15 [b](4)

16 [b](4)

17 [b](4) [b](7)(C) [b](4)

18 [b](4)

19 [b](4)

20 [b](4)

21 [b](4)

22 [b](4)

1 Q Okay. So when you're looking on page 1

2 at the spot it shows (b)(4)

3 (b)(4)?

4 A (b)(4).

5 Q If there's all these people whose

6 (b)(4), what does this tell

7 you when you're looking at it about your trading?

8 A Well, (b)(4) -

9 Q Uh-huh.

10 A -- (b)(4)

11 (b)(4)

12 (b)(4)

13 Q Okay. And where are you seeing that?

14 A I'm seeing that on page 2.

15 Q Uh-huh.

16 A I think that's the (b)(4)

17 Q So that's under the third column from

18 the left, "(b)(4)"?

19 A Let me just look. Because this is -this

20 is something I used to look at. I just

21 haven't in a long time. Give me a second. (b)(4)

22 (b)(4)

1 (b)(4). So -

2 Q Which number? What's the column
3 heading?

4 A The column heading? (b)(4)

5 (b)(4); okay?

6 Q Okay.

7 A (b)(4)

8 (b)(4)

9 Q Of October 15th?

10 A (b)(4).

11 Q Okay. And then the other columns here?

12 A I'm just trying to see this.

13 Q Did you look at those on a daily basis?

14 A (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4).

19 Q You see there's a column second in from
20 the right that says "(b)(4)"?

21 A (b)(4)

22 Q Do you know what that means?

1 A (b)(4)

2 (b)(4) -I'm.

3 not sure is the answer, (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q From the day before?

9 A (b)(4)

10 (b)(4).

11 MS. RYALL: Do you have any questions,
12 Russ? Okay. I think we're going to stop there
13 for the day. We're going to come in tomorrow at 9
14 o'clock and it will not be a full day tomorrow.

15 THE WITNESS: Okay.

16 MS. RYALL: Tomorrow. So we'll go off
17 the record now and resume tomorrow at 9.

18 (Whereupon, at 3:36 p.m., the
19 testimony of CHRISTOPHER JORDAN was
20 continued.)

21 * * * * *

1 CERTIFICATE OF NOTARY PUBLIC

2 I, Carleton J. Anderson, III do hereby certify
3 that the witness whose testimony appears in the
4 foregoing hearing was duly sworn by me; that the
5 testimony of said witness was taken by me and
6 thereafter reduced to print under my direction;
7 that said deposition is a true record of the
8 testimony given by said witness; that I am neither
9 counsel for, related to, nor employed by any of
10 the parties to the action in which these
11 proceedings were taken; and, furthermore, that I
12 am neither a relative or employee of any attorney
13 or counsel employed by the parties hereto, nor
14 financially or otherwise interested in the outcome
15 of this action.

16 /s/Carleton J. Anderson, III

17 Notary Public # 351998

18 in and for the Commonwealth of Virginia

19 My Commission Expires:

20 November 30, 2012

1 ERRATA SHEET FOR THE DEPOSITION OF

2 _____

3 Case Name: _____

4 CORRECTIONS

5 Pg. Ln. Now Reads Should Read Reasons:

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

20 _____

21 Reviewed by: Date:

22 _____

1 To the Witness:
2 Please note any errors and the
3 corrections thereof, on this errata sheet. Any
4 change or correction should have a reason. It may
5 be a general reason, such as "To correct
6 stenographic error," or "To clarify the record,"
7 or "To conform with the facts." Once you have
8 completed the sheet, signed and dated it, return
9 the sheet to your attorney, not to the court
10 reporting agency. Attorneys should exchange
11 errata sheets among the parties.

Transcript Word Index

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

110.20

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

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(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

Silver Price Manipulation

Jordan, Christopher - Vol. 2

9/16/2010 9:16 AM

-----x
In the Matter of: :
:
:
SILVER PRICES. :
: Volume 2
-----x

Washington, D.C.
Thursday, September 16, 2010
Continued Testimony of
CHRISTOPHER JORDAN
a witness, recalled for further examination by
counsel for Commodity Futures Trading Commission,
pursuant to notice and agreement of counsel,
continuing at approximately 9:16 a.m., at the
offices of the Commodity Futures Trading
Commission, 1155 21st Street, NW., Washington,
D.C., before Monica A. Voorhees of Anderson Court
Reporting, notary public in and for the District
of Columbia, when were present on behalf of the
parties:

APPEARANCES:

On behalf of Commodity Futures Trading
Commission:

EUGENE SMITH, ESQUIRE
CHRISTINE M. RYALL, ESQUIRE
PATRICIA GOMERSALL, Senior Investigator
JEREMY J. CUSIMANO, Advisor to Director
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(212) 558-4721

Also Present:

GLENN HOFFERBER, CME Group
* * * * *

C O N T E N T S

EXAMINATION BY: PAGE
Counsel for CFTC 261
JORDAN EXHIBITS:
No. 4 - Document, Bates Stamped No.
JPM-AG 208619-208623269
No. 5 - Document, Bates Stamped No.
JPM-AG 00209214-209218282
No. 6 - Document, Bates Stamped No.
JPM-AG 00217633-217635307
No. 7 - Document, Bates Stamped No.
JPM-AG 00217759-217762319
No. 8 - Document, Bates Stamped No.
JPM-AG 00218164-218167340
No. 9 - Document, Bates Stamped No.
JPM-AG 00220442-00220444355
No. 10 - Document, Bates Stamped No.
JPM-AG 00236501-236505370
No. 11 - Document, Bates Stamped No.
JPM-AG 00236596-236597381
No. 12 - Document, Bates Stamped No.
JPM-AG 00237733385
No. 13 - Document, Bates Stamped No.
JPM-AG 00237747389
No. 14 - Document, Bates Stamped No.
JPM-AG 00208612-208618401
* * * * *

1 P R O C E E D I N G S

2 Whereupon,

3 CHRISTOPHER T. JORDAN

4 was recalled as a witness, and having been

5 previously duly sworn, was examined and testified

6 further as follows:

7 EXAMINATION BY COUNSEL FOR THE COMMODITY

8 FUTURES TRADING COMMISSION CONTINUED

9 BY MS. RYALL:

10 Q Back on the record and we're in the

11 continuation of the testimony of Christopher

12 Jordan and I want to remind you that you are still

13 under oath from yesterday.

14 A Okay.

15 Q Do you understand that?

16 A Yes, I do.

17 Q And for the record, I'd like to identify

18 who is here today and I'll start with myself.

19 Christine Ryall, lead trial attorney

20 with the division of enforcement at the CFTC, and

21 I'll let my colleagues introduce themselves.

22 MS. GOMERSALL: Trish Gomersall, senior

1 investigator.

2 MR. SMITH: Eugene Smith, attorney.

3 MR. PENICK: Mike Penick, senior
4 economist, office of the chief economist.

5 MR. BATTAGLIA: Russ Battaglia,
6 economist, division of enforcement.

7 MR. GRIMM: Jordan Grimm, economist in
8 the division of market oversight.

9 MR. CUSIMANO: Jeremy Cusimano,
10 economist, enforcement.

11 MR. HOFFERBER: Glen Hofferber,
12 associate director of CME market surveillance.

13 MS. RYALL: Okay. And your attorneys,
14 I'll let them introduce themselves.

15 MR. BENJAMIN: Thank you. Jim Benjamin
16 and Chris Egleson, Akin Gump Strauss Hauer and
17 Feld, appearing on behalf of Mr. Jordan.

18 MR. SCHROEDER: William E. Schroeder and
19 David Sollors on behalf of J.P. Morgan from
20 Sullivan and Cromwell, LLP.

21 BY MS. RYALL:

22 Q I have a couple questions I want to go

1 through with you before we get into the exhibits
2 which are your IMs and E-mails.

3 A Okay.

4 Q Could you distinguish for us between a
5 forward transaction in bullion and a forex swap in
6 silver or gold?

7 A Do you mean like a futures, like a swap
8 done on the futures exchange versus a forward?

9 Q No. I think you talked yesterday about
10 EBS.

11 A EBS would just be a spot transaction.

12 So the difference, a spot transaction on EBS is
13 the same as a, (b)(4)
14 (b)(4), which means they settle in two days
15 value. So if I traded today, in two business days
16 forward, you'd settle the metal.

17 And distinguish that between a futures
18 transaction?

19 Q No. Forward, just a forward transaction
20 in bullion.

21 A A forward transaction, generally I
22 remember a forward as, as this, a spot transaction

1 is done and from my experience, a customer would
2 ask to push the spot date to a forward date.

3 So you do a spot trade and then they'd
4 say I'd like to, and the term we use was roll it
5 out; I'd like to roll that out a week, a month or
6 five years.

7 And then you would, there is a very
8 brokered market of gold forward rates, one month,
9 two month, all the way to five years. And you

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 So instead of a spot transaction, now I
16 have a trade that's going to not settle in two
17 days, but in one week and it's going to be at a
18 little more of a premium value.

19 MS. RYALL: Did you have something else
20 in mind?

21 MR. CUSIMANO: In the OTC context, are
22 you familiar with the term forex swap?

1 THE WITNESS: Forex swap I'm not
2 familiar with.

3 MR. CUSIMANO: Relating to bullion.

4 THE WITNESS: Forex swap, I don't know
5 what that means, to be honest. When forex, I
6 always think of foreign exchange.

7 MR. CUSIMANO: When you say the spot
8 rate, is that an overnight rate?

9 THE WITNESS: The spot rate is just the
10 rate that you traded that deal with. It's not an
11 overnight rate.

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 MR. BENJAMIN: When you say spot rate,
19 you basically mean the price -

20 THE WITNESS: That the transaction -

21 MR. BENJAMIN: -- at which the spot
22 transaction -

1 THE WITNESS: Took place.

2 MR. BENJAMIN: -- took place?

3 THE WITNESS: Yes.

4 MR. CUSIMANO: Okay.

5 BY MS. RYALL:

6 Q And the next thing I wanted to ask you,
7 are you familiar from your days at J.P. Morgan

8 (b)(4)

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 Q (b)(4)

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 Q If we looked at transaction data for
17 your trades on a particular day and we found (b)(4)

18 (b)(4)

19 (b)(4)

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 Q (b)(4)

2 A Portfolios.

3 Q Okay.

4 A And I'm not positive about this, but I

5 believe those (b)(4) Mr. (b)(7)(C)'s

6 (b)(4). I'm not sure, but generally I

7 would, I don't recall ever entering anything from

8 my port into those ports.

9 Q So assume that we saw (b)(4)

10 (b)(4)

11 MR. CUSIMANO: (b)(4).

12 BY MS. RYALL:

13 Q (b)(4)

14 (b)(4), why would that happen?

15 A (b)(4)

16 (b)(4)

17 MR. CUSIMANO: Do you know somebody by

18 the last name or from the Fall of 2009 at J.P.

19 Morgan with the last name (b)(7)(C)?

20 THE WITNESS: No, I do not.

21 MR. CUSIMANO: Okay. Do you know how

22 you, well, are you familiar with the spot trading

1 or cash trading strategies at J.P. Morgan?

2 THE WITNESS: (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4).

7 In terms of the forward strategies, I
8 didn't have too much visibility into that
9 business.

10 MR. CUSIMANO: Are you able to
11 distinguish for me the difference between a cash
12 position and an overnight position?

13 THE WITNESS: No. No, I'm not.

14 MR. CUSIMANO: Okay.

15 BY MS. RYALL:

16 Q Are you, do you recall someone while you
17 worked at J.P. Morgan of the name of the first
18 initial (b)(4) last name (b)(7)(C)?

19 A (b)(7)(C). (b)(7)(C), no, I do not.

20 MS. RYALL: Okay. We are going to mark
21 an exhibit.

22 We'll mark this as Number 4.

1 (Jordan Exhibit No. 4 was marked
2 for identification.)

3 BY MS. RYALL:

4 Q And could you take some time to read
5 through that, please.

6 A Yes, thank you.

7 Q For the record, this is a five-page
8 exhibit and on the first page on the bottom
9 right-hand corner there's a bates JPM-AG 00208619
10 and the last page is 208623.

11 Do you recognize this document?

12 A I do.

13 Q What is it?

14 A It, I don't recall having this exact
15 conversation, but I interpret it to be a
16 conversation I had with my friend (b)(7)(C) on
17 August 19th, 2008, starting at 11:49 a.m.

18 Q And is this via Bloomberg instant chat?

19 A This would be the Bloomberg IM, I
20 believe. That's usually how we communicated.

21 Q And is this a document that you reviewed
22 in preparation for testimony?

1 A Yes, it is.

2 Q Okay. I'd like to first direct your
3 attention on the first page to the bottom, the
4 last line at time stamp 16:04:25, where you say -well,
5 can you take me through what you're talking
6 about here?

7 A I will read it, first of all. (b)(4)

8 (b)(4)

9 (b)(4).

10 Q What did you mean by that?

11 A First of all, I don't remember having
12 this conversation with Mr. (b)(7)(C) and as I
13 described yesterday, first of all, the
14 embarrassment of reading my former E-mails, that
15 the relationship I had with a few of the guys I
16 mentioned yesterday involved a lot of bravado,
17 tongue-in-cheek trader talk and exaggeration.

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4).

3 That's how I can interpret that today.

4 Q Did you frequently use the word (b)(4) ?

5 A (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4).

9 That's all it means to me right now.

10 Q (b)(4) ?

11 A (b)(4)

12 (b)(4).

13 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4).

14 (b)(3);7 U.S.C. §12 (CEA); (b)(4).

15 A Yes.

16 Q Which market is it talking about?

17 A Well, (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

20 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

2 (b)(3):7 U.S.C. §12 (CEA); (b)(4).

3 Q As a result of your trading?

4 A (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4).

9 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

11 (b)(3):7 U.S.C. §12 (CEA); (b)(4)?

12 A Well the OTC market, as I stated
13 yesterday in my testimony, is a function of the
14 futures market and I, and I stated yesterday, that
15 you can take positions either/or, (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4).

3 Q You said (b)(4)

4 (b)(4), who is each

5 person?

6 A (b)(4)

7 Q (b)(4)?

8 A (b)(4)

9 (b)(4) -

10 Q (b)(4)?

11 A (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4), (b)(7)(C)

19 (b)(7)(C), (b)(7)(C), (b)(7)(C), (b)(7)(C) and (b)(7)(C)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 Q (b)(4)

10 (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q And were these counter-parties banks?

18 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

20 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

22 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 (b)(3);7
U.S.C. §12

2 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?

3 A (b)(4) .

4 Q (b)(4) Mr. (b)(7)(C) (b)(4) ?

5 A (b)(4) .

6 Q Okay. So let's move to the next page,
7 the very beginning at time stamp 16:04:49, Mr.

8 (b)(7)(C) says nice move (b)(7)(C) -

9 A Yes.

10 Q -- in response to the statement you just
11 read.

12 A Yeah.

13 Q What, what do you interpret that to
14 mean?

15 A Again, I don't recall having this exact
16 conversation with (b)(7)(C). I think he's saying good
17 job. That's the way I can, I can try to interpret
18 it now of saying well done.

19 Q What does the (b)(7)(C) refer to?

20 A I believe it, it refers to (b)(7)(C)
21 who is a professional basketball player whose got
22 some pretty good moves and I don't know, to be

1 honest.

2 Q What, what is he known for, Mr. (b)(7)(C)?

3 A For doing well in his, in his craft, I
4 guess, would be the way I'd describe it.

5 Q Any particular moves that he's known
6 for?

7 A Cross-over dribble. I don't know.

8 Q Just asking. I don't pay attention to
9 sports.

10 A I'm sorry, he's just, he's at the top of
11 his game.

12 Q Okay.

13 MR. SMITH: I have a question. Was this
14 transaction a part of (b)(4) or was it
15 part of your just like taking a view?

16 THE WITNESS: (b)(4)

17 (b)(4), Eugene. (b)(4)

18 (b)(4)

19 (b)(4)

20 I did have the time to go back through
21 my trading records that day with Mr., with Mr.
22 Benjamin and Mr. Egleson and (b)(3);7 U.S.C. §12 (CEA); (b)(4),

1 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

2 (b)(3):7 U.S.C.
§12 (CEA);

3 (b)(4) because I kind of
4 wear my heart on my sleeve just knowing myself.
5 If I do well, I say I did well. If I did poorly,
6 I say I just did very poorly.

7 I'm very straightforward and as I
8 suggested yesterday, guys like (b)(7)(C), (b)(7)(C)
9 (b)(7)(C) and (b)(7)(C), I mean this is just our
10 relationship.

11 It's one-upmanship tongue-in-cheek
12 bravado and it's really nothing more than that.

13 BY MS. RYALL:

14 Q So, take, tell me again, I think we
15 talked about this yesterday, but with Mr. (b)(7)(C),
16 what was your relationship; how long had you known
17 him?

18 A I knew Mr. (b)(7)(C), as I remember, he
19 worked at Morgan Stanley with me when I was there
20 for my 10-year term. He was in another area, he
21 was on foreign exchange and I was on precious
22 metals, but we were both wrestlers in high school

1 and we knew each other in that, we knew of each
2 other back then and then we just got to be very
3 close friends on the desk.

4 I had mentioned yesterday I believe that
5 my wife tried to set him up on a few dates and
6 we'd spend a lot of time out of the office, but in
7 terms of doing business with him, the only times I
8 recall ever doing business with him was later in
9 our relationship when I was executing on behalf of
10 Mr. (b)(7)(C).

11 Q Did he trade metals?

12 A No.

13 Q No?

14 A He was a marketer, as far as I know, in
15 foreign exchange for (b)(4).

16 Q And you went to high school with him or
17 he went to a different high school?

18 A We, he went to (b)(7)(C) High School;
19 I went to (b)(7)(C) High School, but we wrestled
20 around the same time.

21 Q Okay, let's go to the page ending 8622.

22 A Okay.

1 Q On the second to last entry at 19:24:26

2 (b)(4)

3 (b)(4)

4 A Yeah.

5 Q What does (b)(4) refer to?

6 A That refers, okay, I have had a chance
7 to review this document prior to this.

8 Q Okay.

9 A (b)(4)

10 (b)(4); (b)(7)(C)

11 (b)(4)

12 Q (b)(4) ?

13 A (b)(4)

14 (b)(4) .

15 MR. BENJAMIN: (b)(4)

16 (b)(4) ?

17 THE WITNESS: (b)(4)

18 (b)(4) (b)(7)(C)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4) Mr. (b)(7)(C) (b)(4)

1 (b)(4)

2 Now, (b)(7)(C) (b)(4)

3 (b)(4)

4 I'm just -

5 BY MS. RYALL:

6 Q (b)(7)(C), (b)(7)(C) is Mr. (b)(7)(C)?

7 A Mr. (b)(7)(C).

8 Q Okay.

9 A (b)(4) (b)(7)(C) is (b)(4)

10 (b)(4) (b)(7)(C) (b)(4)

11 (b)(4)

12 (b)(4) (b)(7)(C) (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

17 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3);7 U.S.C. §12 (CEA); (b)(4) (b)(4)

19 (b)(4)

20 (b)(7)(C) (b)(4)

21 (b)(4)

22 (b)(4)

1 Q Okay, so -A

2 -- it's exaggeration.

3 Q Moving to the next page.

4 A Yes.

5 Q 8623, there's one line on there.

6 A Uh-huh.

7 Q At 19:26:55 and (b)(4)

8 (b)(4)

9 (b)(4).

10 A (b)(4).

11 Q (b)(4)

12 (b)(4) ?

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q (b)(4)

22 (b)(4) ?

1 A (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 Q (b)(4)

8 (b)(4) ?

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 Q Okay, thank you.

13 MS. RYALL: And we'll mark this as

14 Number 5, please.

15 (Jordan Exhibit No. 5 was marked

16 for identification)

17 BY MS. RYALL:

18 Q And I'm handing you what we'll mark as

19 Exhibit 5. Could you please read through that.

20 A Sure thing.

21 Q Okay.

22 A Uh-huh.

1 Q Did you read through it?

2 A Yes.

3 Q Okay. And what do you recognize this
4 document to be?

5 A I don't remember having this
6 conversation, but I can interpret it to be a
7 conversation I had with my boss, (b)(7)(C), on
8 August 22nd, 2008, starting at 8:40 a.m.

9 Q Via instant Bloomberg?

10 A Again, via instant Bloomberg.

11 Q Okay. And for the record, this is an
12 exhibit that is five pages, starting on the first
13 page with the bates number JPM-AG 00209214 going
14 through 2009218.

15 And if, Mr. Jordan, if I could direct
16 your attention to the fifth line down at time
17 stamp 12:42:27, could you read that for us and
18 translate.

19 A Sure. I could do my best. I don't
20 remember. I spoke to (b)(7)(C) often, so I don't
21 remember this exact day, but -

22 Q I understand that you may not remember

1 these specific conversations, but since it's your
2 language -

3 A Sure, I'll do -Q

4 -- that you could perhaps interpret it
5 for us.

6 A I'll do my best to interpret it. (b)(3);7 U.S.C.

7 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3);7 U.S.C. §12 (CEA);

11 Q (b)(4)

12 (b)(4)?

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4).

20 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

22 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 (b)(3):7 U.S.C. §12 (CEA);
(b)(4)

2 (b)(3):7 U.S.C. §12 (CEA); (b)(4) -

3 MR. BENJAMIN: (b)(3):7 U.S.C. §12
(CEA); (b)(4) ?

4 THE WITNESS: (b)(3):7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3):7 U.S.C. §12 (CEA); (b)(4).

6 Now, having theta means that, we
7 described yesterday briefly, is time decay, so
8 each day that, and I'm not a great explainer of
9 options, but as I understand it, every day as it
10 gets closer and closer to expiree, you're going to
11 lose a certain amount of value on that option.

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q (b)(4) ?

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4) (b)(7)(C)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?

16 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

17 (b)(3);7 U.S.C. §12 (CEA);

18 Q Okay.

19 A -- so with that -Q

20 (b)(4)

21 (b)(4)

22 (b)(4).

1 Q So where is that in there?

2 A It's not in there, but that's the way
3 that, that's the way I'm trying to interpret this.

4 Q Okay.

5 A (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4).

15 Q (b)(4)

16 (b)(4)?

17 A (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4).

15 Q (b)(4)

16 (b)(4) ?

17 A (b)(4)

18 (b)(4)

19 (b)(4).

20 MR. BATTAGLIA: (b)(4)

21 (b)(4), I was asking if you

22 meant physical metal?

1 THE WITNESS: (b)(4)

2 (b)(4)

3 (b)(4) .

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) .

8 MR. PENICK: (b)(4)

9 (b)(4)

10 (b)(4) ?

11 THE WITNESS: (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4) .

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 MR. BENJAMIN: (b)(4)

1 (b)(4)

2 (b)(4)

3 THE WITNESS: (b)(4).

4 MR. BENJAMIN: -- (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) -

8 THE WITNESS: (b)(4).

9 MR. BENJAMIN: -- (b)(4)

10 (b)(4) ?

11 THE WITNESS: (b)(4)

12 (b)(4).

13 BY MS. RYALL:

14 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

16 (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?

17 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3);7 U.S.C. §12 (CEA); (b)(4).

19 Q Okay. What -

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4).

4 (b)(4)

5 (b)(4) (b)(7)(C) (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4).

10 Q And then could you take us through how

11 you would go about (b)(4)?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4).

18 Q (b)(4)

19 (b)(4)?

20 A (b)(4).

21 Q Okay.

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 Q (b)(4)

12 (b)(4) ?

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q (b)(4)

19 (b)(4)

20 (b)(4) ?

21 A (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4).

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4).

10 (b)(4)

11 (b)(4).

12 MR. SMITH: Could you describe exactly
13 what you're looking at on a screen when you're
14 talking about gamma and theta?

15 THE WITNESS: (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4).

19 BY MS. RYALL:

20 Q (b)(4)?

21 A (b)(4)

22 (b)(4)

1 Q (b)(4)

2 (b)(4) ?

3 A (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4).

8 Q Okay.

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q (b)(4)

9 (b)(4)

10 (b)(4) ?

11 A (b)(4) ?

12 Q (b)(4).

13 A (b)(4).

14 Q All right.

15 A Yeah.

16 Q All right.

17 MR. GRIMM: In your testimony yesterday

18 you said that one of your personal strategies in

19 general was to (b)(4) ?

20 THE WITNESS: (b)(4).

21 MR. GRIMM: (b)(4)

22 (b)(4)

1 (b)(4) ?

2 THE WITNESS: (b)(4) .

3 MR. GRIMM: Could you describe, if

4 that's the case, (b)(4)

5 (b)(4) ?

6 THE WITNESS: (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 MR. GRIMM: (b)(4)

13 (b)(4) .

14 Could you try to add some specificity to

15 what it is you think? (b)(4)

16 (b)(4) , could you be more specific?

17 THE WITNESS: (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4) .

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4).

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 MR. PENICK: Do you recall whether you
15 had any puts at this time?

16 THE WITNESS: (b)(4)

17 (b)(4)

18 (b)(4).

19 MR. PENICK: Do you, if you just have
20 calls, is it possible for you to actually get
21 short with the calls or can you only get less
22 long?

1 THE WITNESS: No, you get short.

2 MR. PENICK: How do you get short with
3 the position of only long calls?

4 THE WITNESS: Because your long options,
5 in general, puts and calls are the same, the way I
6 understand it, and even if your long calls and the
7 market moves lower, effectively you get shorter.

8 MR. PENICK: But do you actually get
9 short the market or do you just get less long in
10 the market?

11 THE WITNESS: I don't, I can't
12 differentiate that difference. All I know is if
13 you reload your position, it will show you shorter
14 as the market goes lower, from my understanding.

15 MR. BATTAGLIA: (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4), were the trades you were looking
19 back at in the futures market or were they in the
20 spot market?

21 THE WITNESS: (b)(4)

22 (b)(4).

1 BY MS. RYALL:

2 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

4 (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?

5 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3);7 U.S.C. §12 (CEA); (b)(4) .

7 Q So what would the significance of that
8 be in what you've been talking about?

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 Q Okay. Moving down a couple lines to the
17 time stamp 12:44:35, you say (b)(3);7 U.S.C. §12 been a huge
18 seller of dollar cad?

19 A Cad.

20 Q This morning, they say V smart name FYI?

21 A Uh-huh.

1 A I, I don't remember this. I could
2 assume that, you know, you hear people say
3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) been a big seller. You know, we used
4 to, I don't know at this time, but (b)(4)

5 (b)(4)

6 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

7 (b)(4)

8 (b)(4) (b)(7)(C) (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 Q So does the smart name mean (b)(3):7 U.S.C. §12 (CEA) or
13 does it mean the counter-party to (b)(3):7 U.S.C. §12 (CEA)?

14 A I don't remember in this context.

15 Q Okay. Okay. Let's move to the third
16 page which ends 9216 at time stamp 16:10:37, and

17 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3):7 U.S.C. §12 (CEA); (b)(4).

19 A Uh-huh.

20 Q What, what does that mean?

21 A I interpret this to mean -- I can try to
22 interpret it.

1 (b)(7)(C) if you look two lines earlier, (b)(7)(C)

2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C)

13 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

14 (b)(4) (b)(4); (b)(7)(C) s (b)(4); (b)(3):7 U.S.C. § 2018(c)

15 Q Okay, I'm finished with that one.

16 MS. RYALL: We can take a few minutes

17 break.

18 (Recess)

19 BY MS. RYALL:

20 Q Back on the record now. I just wanted

21 to ask you a question. We were talking about the

22 options in that last exhibit. What accounts or

1 portfolio would those options have been in?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 Q (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 MR. BATTAGLIA: I had a follow-up
21 question on EFPs that we were talking about
22 yesterday, so unrelated to the IMs.

1 You were talking about (b)(7)(C) and

2 (b)(4)

3 (b)(4) (b)(7)(C) (b)(4)

4 (b)(4) (b)(7)(C) (b)(4)

5 (b)(4)

6 THE WITNESS: (b)(4)

7 MR. BATTAGLIA: (b)(4)

8 (b)(4) (b)(7)(C) (b)(4)

9 (b)(4)

10 THE WITNESS: (b)(4)

11 (b)(4)

12 (b)(4)

13 MR. BATTAGLIA: Okay. In that scenario,
14 how would the futures show up in your account,
15 wouldn't they have to be executed on COMEX or -

16 THE WITNESS: I think I described this
17 yesterday (b)(4)

18 MR. BATTAGLIA: Okay.

19 THE WITNESS: (b)(4)

20 (b)(4)

21 (b)(4) .

22 (b)(4) (b)(7)(C) (b)(4)

1 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C) (b)(4)

2 (b)(4)

3 (b)(4)

4 MR. BATTAGLIA: (b)(4)

5 THE WITNESS: (b)(4)

6 (b)(4) (b)(7)(C) (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4) (b)(7)(C) (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 MR. BATTAGLIA: Okay. So how would you
16 trade, what would it be, would it be the two
17 segments separately?

18 THE WITNESS: (b)(7)(C) (b)(4)

19 (b)(4)

20 (b)(4)

21 MR. BATTAGLIA: (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4) ?

3 THE WITNESS: (b)(4)

4 (b)(4)

5 MR. BATTAGLIA: (b)(4)

6 (b)(4)

7 THE WITNESS: (b)(4)

8 (b)(4)

9 (b)(4)

10 MR. BATTAGLIA: (b)(4)

11 (b)(4) ?

12 THE WITNESS: (b)(4)

13 (b)(4)

14 MR. BATTAGLIA: (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 THE WITNESS: (b)(4)

19 MR. BATTAGLIA: (b)(4)

20 (b)(4) ?

21 THE WITNESS: (b)(4)

22 (b)(4)

1 MR. BATTAGLIA: (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4) ?

6 THE WITNESS: (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4) (b)(7)(C) (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 MR. BATTAGLIA: (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4) ?

22 THE WITNESS: (b)(4)

1 (b)(4)

2 MR. BATTAGLIA: (b)(4). Thank
3 you.

4 MS. RYALL: Can we mark this as Exhibit
5 6, please.

6 (Jordan Exhibit No. 6 was marked
7 for identification)

8 BY MS. RYALL:

9 Q And could you please take some time to
10 read over that exhibit.

11 A Sure.

12 Q For the record, this is a three-page
13 exhibit and in the bottom right-hand corner of the
14 first page it says JPM-AG 00217633. The last page
15 is 7635.

16 Did you have a chance to review that?

17 A Yes, I did.

18 Q Okay. And do you recognize what this
19 is?

20 A I, this looks to be an E-mail with my
21 friend, (b)(7)(C), at, on January 22nd, 2009,
22 starting at 8:36 a.m.

1 Q An E-mail or an instant chat?

2 A Sorry, again, it's an IM, a Bloomberg
3 IM.

4 Q Okay, thank you. And if I could direct
5 your attention to that first page at time stamp
6 13:49:54.

7 Could you read that for us and then
8 explain what, what you're talking about?

9 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

10 bucks and on a run. That's why, that's why. Love
11 how it held 843 and a half.

12 I don't, again, I'm sorry to sound like
13 a repeating record, I don't remember this
14 conversation with (b)(7)(C).

15 It, I could try to do my best to

16 interpret (b)(4)

17 (b)(4)

18 Q (b)(4)

19 (b)(4) ?

20 A (b)(4)

21 (b)(4)

22 Q So what about, what does size mean for

1 you when you say it?

2 A Again, it's, it's just bravado. I don't

3 know. (b)(4)

4 (b)(4)

5 Just kind of puffing out my chest and,

6 it's very embarrassing to re-read these, but I

7 just took, (b)(4)

8 Q Okay.

9 A (b)(4)

10 Q What does that mean?

11 A (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q Okay.

18 A (b)(4) -MR.

19 BENJAMIN: Those were just

20 hypothetical examples?

21 THE WITNESS: I'm picking numbers. I'm

22 picking numbers.

1 (b)(4)
2 (b)(4)
3 (b)(4)
4 (b)(4)
5 (b)(4)
6 (b)(4)
7 (b)(4)
8 (b)(4)
9 (b)(4)
10 (b)(4)
11 (b)(4)

12 BY MS. RYALL:

13 Q And three lines down at 13:56:16,

14 (b)(7)(C) says thanks for the look man.

15 A Yeah. I don't -Q

16 What is he referring to?

17 A I don't know, to be honest with you.

18 You know, as I briefly described about (b)(7)(C)
19 yesterday, he was a very, a young kid who I really
20 had a friendship with, but I don't even know what,
21 what he means by this.

22 Q Okay. Turning to the next page ending

1 7634, could you read through these and take us
2 through what you mean?

3 A Which one?

4 Q So beginning at the top at 14:01:15.

5 A Sure. (b)(3);7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

7 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

11 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

12 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

13 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 Do you want me to go to the next line?

15 Q Yes.

16 A Nice one man, I choked on sauce -

17 chocked, but I think he means choked, if I read
18 this and I guess I'd need a little background,

19 (b)(7)(C), (b)(7)(C) was like a, sorry, chocked on
20 sauce, choked.

21 I think he's saying that he did poorly
22 is the way I'd interpret that.

1 He was a very, from what I recall, very
2 technical-oriented guy, liked looking at charts
3 and I believe his background was working at a
4 hedge fund, (b)(7)(C) [redacted], where he wrote like
5 computer programs. And he just stayed up all
6 night, from what he told me, looking at charts;
7 and sauce refers to one of his theories about how
8 markets work and I could walk you through the way
9 he described sauce to me the way I understand it.

10 Q Nutshell version.

11 A What's that?

12 Q Nutshell version.

13 A Nutshell version. Oh, sorry about that.

14 If the market had an inside day from the previous
15 day's candle, like if you look at charts, they had
16 candles, if it had an inside day, then the next
17 day if it would come in in the middle of that
18 inside day and it got above the day before's high
19 or low, he thought that that was a good
20 opportunity to buy it if it went up or sell it
21 when it went down.

22 So I read this to believe that he traded

1 on that pattern and he choked, it didn't work,
2 that's how I read it.

3 Q What does the sauce refer to?

4 A He called this his theory, he called it
5 special sauce, he goes nobody knows about this,
6 this is a good way to trade if it gets over this
7 and it just wasn't -

8 Q Okay.

9 A -- (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4) -Q

16 Wait, but you're talking now about you
17 say at 14:22:05?

18 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3);7 U.S.C. §12 (CEA);
(b)(4)

20 Q (b)(4)

21 (b)(4); is that how you
22 take that?

1 A I think if you read through, I, it may
2 be a typo. That, that would be a rather extreme
3 move, so I don't know where the market was.

4 Q That would be an extreme move for gold?

5 A To go up almost 20 dollars in -Q
6 20 minutes?

7 A Yeah, I've never, I don't think I've
8 ever seen a scenario like that, so I'm assuming
9 it's a mistype. I don't know.

10 But I'm just basically saying, I
11 interpret it to mean your sauce thing doesn't
12 matter, I pour it on my desk, I spill stuff all
13 over it, like, I don't know. But I think I'm
14 making light of his theories.

15 Q Okay. So then skip down to 14:27:37.
16 You're typing an entry here.

17 A Sorry, pal, you cover it quick after my
18 heads up; and I interpret that to mean like I told
19 you I was bullish, you should have listened to me.
20 That's the way I read that.

21 Q Did you ever tell, would you ever tell
22 him I'm about to buy -

1 A I don't -

2 Q -- size in gold before you actually
3 bought it?

4 A To be honest, I didn't even think (b)(7)(C)
5 was trading gold or silver. From what I remember
6 of our relationship, it was me trying to look like
7 a bigshot to a young kid, so I don't know. It's
8 pretty, I, I mean that's just not what I do, so I
9 don't think I would ever do that.

10 Q Well you cover it quick kind of sounds
11 like he should have covered his gold, to me?

12 A Well it does sound like that if you read
13 it literally, but I know that the place he was
14 working, he was, I think I described, I don't know
15 if I described this yesterday, but I know for at
16 least a year if you're at this place you have to
17 paper trade and show all your wins or losses to
18 your bosses before they'll actually give you money
19 to trade. It was like a small shop.

20 So, I mean I wasn't even clear what he
21 was trading. I didn't really spend too much time
22 focused on it.

1 Q If you continue down he says yeah,

2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3);7 U.S.C. §12
(CEA); (b)(4)

4 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

5 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3);7

7 And then at 14:29:50 he says those are
8 my bad days when it goes so close and doesn't go.

9 A Yeah.

10 Q And then at 14:30:51 you have an entry,
11 can you read that and tell us what it means?

12 A No, you're right, it's not. 14:34 -

13 Q 14:30:51.

14 A (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 Q Turning to the next page ending 7635, at
5 the time entry 14:52:59 you say show time and then
6 two lines down pay day is and it's just starting.

7 A Uh-huh.

8 Q And then you have a bunch of letters
9 here.

10 A Yeah.

11 Q Could you tell us what that means?

12 A Yeah, this is another embarrassing
13 moment.

14 Q DGC CJ?

15 A That means don't get cocky, Chris
16 Jordan. And I read this to mean I was having a
17 good day. Show time, like look at that, I called
18 it so right, that's how I read that.

19 And he said, geesh, like good call. And
20 I'm saying pay day, like I did well today, that's
21 how I interpret that, and it's just starting, like
22 this is the start of a big move higher.

1 And then I'm trying to talk myself down
2 and I use DCG a lot, don't get cocky, because from
3 my experience whenever I got cocky, I would lose a
4 lot of money very shortly after.

5 But again, it's bravado with a kid I'm
6 trying to impress.

7 Q Okay. Can we keep going from there.

8 A Yeah. Man oh man.

9 Q That's (b)(7)(C) ?

10 A (b)(4)

11 Q Which is you?

12 A Sorry about that. (b)(4)

13 (b)(4)

14 (b)(4) and I believe earlier in this

15 we were talk, (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q Okay.

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 Q That's what (b)(7)(C) says?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 Q Okay.

17 MS. RYALL: And if we could mark this as
18 Exhibit 7.

19 (Jordan Exhibit No. 7 was marked
20 for identification)

21 BY MS. RYALL:

22 Q We've handed you Exhibit 7. Please take

1 time to read through that.

2 A Okay.

3 Q And for the record, this is a four-page
4 exhibit and on the bottom right-hand corner it
5 says JPM-AG 00217759. The last page is 217762 and
6 I'll represent that the last page is blank but
7 that's how it was produced to us.

8 So starting on the first page of this
9 exhibit, Mr. Jordan, at time stamp 14:48:34, let's
10 read through and you can take us through what's
11 going on here.

12 A Okay. I don't remember this
13 conversation, but again, as I stated yesterday,
14 this is my, my very close friend, (b)(7)(C), (b)(7)(C)

15 (b)(7)(C)

16 (b)(7)(C)

17 (b)(7)(C). It's an IM, again.

18 Q Does he trade metals?

19 A Nope.

20 Q Okay.

21 MR. BENJAMIN: When you say emerging
22 market, you mean emerging market equities?

1 THE WITNESS: I believe he's in emerging
2 market equities. I'm not exactly sure what he
3 does but, you know, we just talk, give our views
4 in the markets, but just more on a friendly basis.
5 He's saying push it here.

6 BY MS. RYALL:

7 Q Wait. The first one at 14:48:34 is you.

8 A I said mmm, hold on to your yarmulke's.
9 That's a reference that (b)(7)(C) used to, it's very
10 embarrassing to read, (b)(6); (b)(7)(C) and they
11 just have a joking relationship about that and
12 it's very embarrassing to read.

13 Q But what are you trying, what message
14 are you conveying?

15 A Hold on to your hats, like I think
16 something is about to happen, like I feel, when I
17 -- we used to always say hold on to your hats, I
18 think the market's about to move. I don't know
19 what I'm, what market I'm talking about here.

20 He's saying push it here, question mark.

21 Q What does that mean?

22 A I don't know what he means. I said I

1 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4). But if I say I have a lot of gamma,

9 that means if it keeps going up, I'll get longer

10 because with positive gamma, as I described

11 earlier, you get longer as it goes up, shorter as

12 it goes down.

13 Q (b)(4)

14 (b)(4)

15 (b)(4)

16 A (b)(4)

17 Q (b)(4)?

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) Mr. (b)(7)(C) (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4).

11 (b)(4)

12 Q Wait, wait. Go back to the one before

13 that.

14 (b)(4)?

15 A (b)(4).

16 Q What would be big for you?

17 A (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q So just assume that you were going into

22 a dip, big, (b)(4)

1 (b)(4), how would you do that, would you put them
2 all in at the same time?

3 A (b)(4)

4 Q Okay.

5 A (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 Q Okay.

11 A (b)(4)

12 (b)(4), I believe,

13 I read that to mean.

14 And then he says also they will make a
15 stand on this S&P 500 at some point.

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q So you're saying that you interpret this

22 to mean (b)(4)

1 (b)(4) ?

2 A (b)(4) .

3 Q (b)(4) ?

4 A (b)(4) .

5 Q (b)(4)

6 (b)(4) .

7 A (b)(4) .

8 Q Okay .

9 A And -

10 Q (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4) .

20 There still is gamma and theta
21 associated to it, but I don't remember saying
22 this. I think it's exaggeration and it's the way

1 we talked to each other. That's all it is.

2 Q Have you heard of a digital option?

3 A I've heard the term, I don't know what
4 it means.

5 Q Okay.

6 MR. GRIMM: Are these options related to

7 the statement a couple lines up (b)(4)

8 (b)(4)?

9 THE WITNESS: It seems like that's what
10 I'm, I'm talking about. I'm -- yeah, I mean it's,
11 I would assume so, that's just the way we talked
12 to each other, but, I mean, I don't believe any of
13 this to be true.

14 BY MS. RYALL:

15 Q Okay. And then he says don't want to be
16 on the other side of that puppy and then you say,

17 (b)(4)?

18 A Yeah. Again, I, we had, (b)(7)(C) (b)(4)

19 (b)(4)

20 -

21 Q Who (b)(7)(C), (b)(7)(C)?

22 A (b)(7)(C), (b)(4)

1 (b)(4)

2 (b)(4) (b)(7)(C) (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q (b)(4)

14 (b)(4) ?

15 A (b)(4)

16 (b)(4)

17 (b)(4) (b)(7)(C) (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4) .

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 Q (b)(4)

14 (b)(4) ?

15 A (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 Q (b)(4) ?

5 A (b)(4)

6 (b)(4)

7 MR. SMITH: Did you normally or would
8 you coordinate trades with other traders on the
9 desk, like (b)(7)(C), would you -

10 THE WITNESS: (b)(7)(C) (b)(4)

11 (b)(4) (b)(7)(C) (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 MR. PENICK: (b)(4)

17 (b)(4) ?

18 THE WITNESS: (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 BY MS. RYALL:

7 Q (b)(4)

8 (b)(4)

9 (b)(4) ?

10 A (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(7)(C) (b)(4)

16 (b)(4)

17 Q (b)(4)

18 (b)(4) ?

19 A (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q Moving to the next page. So Mr. (b)(7)(C)
2 at the top starts saying exactly like (b)(7)(C) said,
3 who is (b)(7)(C)?

4 A I believe that is a reference, and I
5 don't know, to (b)(7)(C). (b)(7)(C)
6 (b)(7)(C)

7 and he likes to talk about himself and hoops a
8 lot, so I think that's what he's talking about.
9 So maybe (b)(7)(C) said sometimes you have to make
10 them jump. I don't know what he's referring to
11 here.

12 Q So (b)(7)(C) was a basketball player?

13 A He was a basketball player back in the
14 '80s and '90s.

15 Q Professional?

16 A Yeah.

17 MR. BENJAMIN: And college.

18 THE WITNESS: And college.

19 BY MS. RYALL:

20 Q (b)(4)
21 (b)(4)
22 (b)(4)?

1 A I don't know what he means by that. I

2 really don't.

3 Q Okay, moving further down on that page.

4 A Yeah.

5 Q 15:31:26, you tell him, (b)(3);7 U.S.C. §12 (CEA);
(b)(4)

6 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

7 A Okay.

8 Q And he says bam?

9 A Yeah.

10 Q I noticed that that comes out a lot in

11 your IMs, bam?

12 A That's, again, a reference to I'm doing

13 well.

14 Q Okay.

15 A And an ugh is I'm doing poorly,

16 generally.

17 Q Ugh?

18 A I'd say ugh. I mean generally you could

19 tell by E-mails if I thought I was doing well or

20 if I thought I was doing poorly. And, bam, I did

21 well, or ugh, I stink.

22 Q (b)(4)

1 (b)(4)

2 (b)(4) ?

3 A God, this is embarrassing. I think you
4 have to go back to the earlier E-mail.

5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

7 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

11 Again, I would almost bet that this is
12 very tongue-in-cheek, just the way we talked to
13 each other.

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 Q So it sounds like bam, you did well?

21 A Bam, I did well, and now he's saying

22 because, (b)(4)

1 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4) (b)(3):7 U.S.C. §12 (CEA); (b)(4)

7 (b)(3):7. I sold on a rally. And I'm saying true
8 that, like I called it perfectly, that's how I
9 read that to mean.

10 Q (b)(4)

11 (b)(4)?

12 A Seriously, you need to, you really, he,
13 you need subtitles. I don't know what, he speaks
14 fluent jive. I don't know what this means.

15 Q (b)(4)

16 (b)(4)

17 (b)(4)?

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 Q Okay. So then at 16:04:50 you say S&P,

1 what is that?

2 A Standards and Poors, which is a
3 reference to something he mentioned earlier.

4 Q Okay.

5 A And what did he, let me, they will make
6 us stand on the S&Ps at some point here. I don't
7 know what that means. I think it means S&Ps will
8 go higher, at some point.

9 People underestimate their sneakiness,
10 and I think that's a reference to, oh, God, I'm so
11 embarrassed, that's a reference to the movie, what
12 is it, Mr. Deeds, when he said you underestimate
13 my sneakiness, his butler.

14 So I don't know, I'm just saying people
15 don't, don't estimate that these markets are
16 really acting well. That's how I read that.

17 Q Okay. You guys used a lot of movie
18 quotes in your IMs on the desk.

19 A We did, yeah. It's hard to read, yeah.

20 Q Turning to the next page, at 17:28:04,
21 there's an entry from you, could you -

22 A Sure.

1 Q -- take us through that.

2 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

4 Q What does come off mean?

5 A (b)(3):7
U.S.C. §12

6 Q Okay.

7 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

11 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

12 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

13 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

14 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

16 Again, I read this, I don't remember
17 saying this. I'd read this to, again, bravado and
18 tongue-in-cheek saying I called the market so
19 right. (b)(3):7 U.S.C. §12 (CEA); (b)(4)

20 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

22 MR. BENJAMIN: They, being the floor?

1 THE WITNESS: (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 BY MS. RYALL:

6 Q What do you mean by that, (b)(4)

7 (b)(4) ?

8 A (b)(4)

9 (b)(4).

10 Q (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q (b)(4)

18 A (b)(4)

19 Q (b)(4)

20 (b)(4) ?

21 A (b)(4)

22 Q Okay. Keep going.

1 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

4 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3):7 U.S.C. §12.

7 That's how I read that.

8 Q Okay. (b)(3):7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3):7 U.S.C. §12 (CEA); (b)(4) at 17:28:21?

10 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

11 (b)(3):7.

12 Q Okay. Bam, bam?

13 A Bam, bam.

14 Q Doc handle that one?

15 A That's a friend of ours, (b)(7)(C),

16 who is in the futures options pit who (b)(4)

17 (b)(4).

18 Q Okay. And then at 17:43:36 (b)(3):7 U.S.C. §12 (CEA); (b)(4),

19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)?

20 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3):7 U.S.C. §12 (CEA); (b)(4). That is huge size, dude.

22 So I read this to say, again, that I've

1 called the market so right, (b)(3);7 U.S.C. §12 (CEA); (b)(4)

2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

4 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

6 Q (b)(4) ?

7 A (b)(4)

8 Q (b)(4) ?

9 A (b)(4)

10 Q Okay. And then you tell him when you

11 get a sec, call (b)(7)(C) and say bam from C.J.?

12 A Yes, (b)(7)(C) is a guy named (b)(7)(C)

13 (b)(7)(C) who went to UVA, I believe, too, and
14 lives in my home town.

15 He is, he works at a hedge fund in like,

16 some debt, in a, I don't know, a debt desk or

17 something, but I do remember vaguely that he

18 called me to say silver looks really good at one

19 point and he, he used the term it looks coiled up.

20 That means -- it's a chart pattern and coiled

21 means like if you get a chart pattern and there's

22 like, it's getting narrower, narrower, narrower,

1 narrower, like day to day it gets narrower -

2 MR. BENJAMIN: The ranges are
3 converging?

4 THE WITNESS: The ranges are converging,

5 (b)(4)

6 (b)(4) and I remember vaguely that

7 (b)(7)(C) said silver looks great, it's coiled, so -

8 BY MS. RYALL:

9 Q So at 17:49:54 (b)(7)(C) says?

10 A Already did, told him the snake was
11 uncoiled and striking. That's a reference to the
12 three of us I believe were probably hanging out
13 and said silver looks like a coiled snake. (b)(4)

14 (b)(4)

15 (b)(4). I don't even know if, I don't, I don't
16 believe that Mr., (b)(7)(C). has ever traded
17 silver. I don't know.

18 Q Okay. We'll move on to the next one.

19 MS. RYALL: Could you please mark this
20 as Number 8.

21 (Jordan Exhibit No. 8 was marked
22 for identification)

1 BY MS. RYALL:

2 Q For the record, this is a four-page
3 exhibit and on the bottom right of the first page
4 it says JPM-AG 00218164 and the last page is
5 218167, and take your time reading through that.

6 A Thanks.

7 Q Have you read through it?

8 A Yes, I have.

9 Q Okay, great. So on the first page I'll
10 direct your attention to the time stamp 13:46:27.

11 A Okay.

12 Q And it's an entry by you. If you would
13 read that, take us through it.

14 A Sure. (b)(7)(C) (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?

4 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3):7 U.S.C.

6 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)

7 (b)(3):7 U.S.C. ?

8 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

9 Q Okay.

10 A (b)(4)

11 (b)(4)

12 (b)(4)

13 Q (b)(4)

14 (b)(4) ?

15 A (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4).

20 Q Going to the next page, 218165, the
21 second line at 14:08:41.

22 A Uh-huh.

1 Q You talk about Euro dollar bid and I'm
2 just curious what this means, (b)(4)

3 (b)(4) .

4 (b)(4) ?

5 A Generally, because (b)(7)(C) would call me so
6 many times, he'd want to know what was going on in
7 every market, so I'd read this to say (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4) .

18 Q And then turning to the next page,
19 218166, near the bottom at 16:29:11, could you
20 read that line by you and tell us what that means?

21 A (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4).

8 It's just, I'm sure (b)(7)(C), you know, I
9 didn't really follow this, I don't think I was

10 talking about gold, but I think (b)(7)(C) (b)(4)

11 (b)(4) (b)(7)(C) (b)(4)

12 (b)(4)

13 (b)(4)

14 Q (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4) ?

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4).

1 Q That's not something unusual in the
2 market?

3 A (b)(4)

4 Q Okay. If we go to the last page,
5 218167. And at line 19:36:55 you have an entry,
6 could you read through that and take us through
7 it.

8 A Sure. I do, I do have some vague memory
9 of this day.

10 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

11 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

12 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

13 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

16 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

17 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 (b)(4)

19 I remember speaking -- I don't remember
20 this exact day, but I remember having a
21 conversation with (b)(7)(C) saying (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 MR. BENJAMIN: (b)(4)?

13 THE WITNESS: (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 And the way I remember it is you had to
2 let the exchange know at 3:30 or, before 4 (b)(4)
3 (b)(4).

4 So this, this looks to be -

5 Q This is London time.

6 A This is London time, so I don't know
7 what that exactly is, (b)(4)

8 (b)(4)

9 (b)(4).

10 (b)(4)

11 (b)(4)

12 (b)(4).

13 Q (b)(4)

14 (b)(4).

15 A (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4).

20 Q (b)(4) ?

21 A (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 Q (b)(4)

10 (b)(4) ?

11 A (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 MR. BENJAMIN: And what was the scenario
18 that you were sort of playing out here for Mr.

19 (b)(7)(C) ?

20 THE WITNESS: (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 BY MS. RYALL:

8 Q (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4)

14 Q (b)(4) ?

15 A (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4) (b)(7)(C)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 MR. BENJAMIN: (b)(4)

8 (b)(4) ?

9 THE WITNESS: (b)(4)

10 (b)(4)

11 MR. SMITH: And (b)(7)(C), you're referring

12 to Mr. (b)(7)(C) ?

13 THE WITNESS: (b)(7)(C) . (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 MR. BENJAMIN: (b)(4)

20 (b)(4) ?

21 THE WITNESS: (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 BY MS. RYALL:

4 Q (b)(4)

5 (b)(4) ?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 Q (b)(4)

10 (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 MR. BENJAMIN: (b)(4)

17 (b)(4)

18 (b)(4) ?

19 THE WITNESS: (b)(4) .

20 MR. BENJAMIN: (b)(4)

21 (b)(4) ?

22 THE WITNESS: (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 MR. GRIMM: (b)(4)

6 (b)(4)

7 (b)(4) ?

8 THE WITNESS: (b)(4)

9 (b)(4)

10 (b)(4)

11 MR. GRIMM: (b)(4)

12 (b)(4)

13 (b)(4) ?

14 THE WITNESS: (b)(4) .

15 MR. GRIMM: (b)(4)

16 (b)(4) ?

17 THE WITNESS: (b)(4)

18 (b)(4)

19 (b)(4) .

20 MR. GRIMM: But the settlement price
21 that determines whether an option is in the money
22 or out of the money, what time is that determined

1 at?

2 THE WITNESS: I don't know.

3 MR. GRIMM: Is it determined at the call
4 close?

5 THE WITNESS: The people that have the
6 options on the floor have to make their decision
7 before 4 p.m., so I don't, I don't know what price
8 they use.

9 You just have to make a decision before
10 4 p.m. It's got to be registered with the
11 exchange.

12 BY MS. RYALL:

13 Q And the options, if they're in the
14 money, they're automatically exercised unless you
15 call the exchange and tell them not to?

16 A I remember that you had to call the
17 exchange either way, but I'm not sure.

18 Q Why would somebody not exercise options
19 that are in the money?

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 Q So you said you looked at trading data
6 for this date as you prepared for today?

7 A I did not.

8 Q Okay. But you said (b)(4)

9 (b)(4) ?

10 A (b)(4).

11 Q Okay.

12 MR. SMITH: So was Mr. (b)(7)(C) still head
13 of the prop desk at this time?

14 THE WITNESS: He, I don't know if he was
15 ever head of the prop desk. I mean he was a prop
16 trader, but he was the head of the global metals
17 desk, so I wanted to speak to my boss about my
18 views on the market.

19 MR. SMITH: Did you ever feel
20 uncomfortable discussing any matters or trading
21 matters or strategies with Mr. (b)(7)(C) ?

22 THE WITNESS: (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4).

5 MR. SMITH: (b)(4)

6 (b)(4) ?

7 THE WITNESS: (b)(4)

8 (b)(4)

9 (b)(4).

10 MS. RYALL: Okay. If you could mark

11 this please as Exhibit 9.

12 (Jordan Exhibit No. 9 was marked

13 for identification)

14 BY MS. RYALL:

15 Q Just take your time reading through

16 that.

17 A Sure.

18 MR. SCHROEDER: Christine, can you just

19 wait one second?

20 BY MS. RYALL:

21 Q For the record, this is a three-page

22 exhibit and the bottom right-hand corner the bates

1 number is JPM-AG 00220442 and it goes through
2 220444.

3 Did you have a chance to read through
4 this?

5 A Yes.

6 Q Okay. Let's go to the last page of this
7 exhibit and if you could start at 8, the time
8 stamp 18:21:07, and take us through the
9 conversation you're having here.

10 I'm sorry, first of all, what do you
11 recognize this exhibit to be?

12 A Again, just a conversation with my
13 friend, (b)(7)(C), on February 26th, '09,
14 starting at 7:47 a.m.

15 Q And it's a Bloomberg instant chat?

16 A Bloomberg IM again.

17 Q Okay. Okay.

18 A (b)(4)
19 (b)(4)
20 (b)(4)
21 (b)(4)
22 (b)(4)

1 that's how I think of it.

2 Q Okay.

3 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

4 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

7 (b)(3);7 U.S.C. §12 (CEA); (b)(4) -

8 Q That's what (b)(7)(C) says?

9 A (b)(7)(C) said that, and I believe he's, he
10 was talking about crude earlier and this was after
11 crude had gone all the way down to 35 and it was
12 on its way back up.

13 And now he's saying -Q

14 Okay. At 19:54:26 you say -A

15 (b)(4)

16 (b)(4)

17 Q And then?

18 A Bam.

19 Q Can you tell us what you meant by that?

20 A I interpret that to mean I did very

21 well. (b)(4)

22 (b)(4)

1 (b)(4) Again, bravado,
2 tongue-in-cheek saying, I'm patting myself on the
3 back.

4 Q (b)(4)

5 A (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4).

9 Q So did you look at trading data for this
10 day?

11 A I don't think so. Did we?

12 MR. BENJAMIN: I don't remember.

13 THE WITNESS: I don't remember.

14 BY MS. RYALL:

15 Q Okay.

16 MR. GRIMM: When you say, when you
17 stated before they knew what happened, who do you
18 think they are?

19 THE WITNESS: Just the market in
20 general, you know. I mean I always, sitting in
21 that seat, you know, it's a very tough job, but
22 just thinking about the market in general, like

1 I've called it right.

2 BY MS. RYALL:

3 Q So why would the market know that you
4 had called it right?

5 A They wouldn't. They wouldn't. I'm just
6 saying you're constantly trying to, to, there's so
7 many moving parts to a market, you're trying to
8 out think other people that are doing the same
9 thing as you so you're trying to do well.

10 So I'm just saying I called it well.

11 That's how I read it to say.

12 MS. RYALL: Okay. We're going to take
13 just a couple minutes break. We'll go off the
14 record.

15 (Recess)

16 MS. RYALL: Go back on the record.

17 MR. BATTAGLIA: I just want to follow up
18 with something different than the IMs we were
19 talking about.

20 If you could take me through a for
21 example. Let's say you had a view on the market
22 and you were valued buying dips, selling rallies.

1 Let's say you were long 50 lots, because you were
2 bullish and (b)(7)(C) called up, one of your
3 biggest customers, and he said I need you to, he
4 said I need to buy, I guess I'll go with silver,
5 so 1000 lots, so that's, what, 500,000 ounces?

6 THE WITNESS: That would be 5 million,

7 (b)(4)

8 MR. BATTAGLIA: (b)(4)

9 (b)(4)

10 THE WITNESS: (b)(4)

11 (b)(4)

12 (b)(4)

13 MR. BATTAGLIA: (b)(4)

14 (b)(4) ?

15 THE WITNESS: (b)(4)

16 MR. BATTAGLIA: (b)(4) ?

17 THE WITNESS: Yeah.

18 MR. BATTAGLIA: Let's say he did that.

19 Could you take me through your process then of
20 what you would do, once he said something like
21 that, you're long 50 lots just jobbing, he called
22 you up and said I need to buy -

1 THE WITNESS: A million ounces?

2 MR. BATTAGLIA: -- a million ounces.

3 THE WITNESS: (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4) (b)(7)(C) s (b)(4)

10 (b)(4)

11 MR. BATTAGLIA: (b)(4) (b)(7)(C) s

12 (b)(4) ?

13 THE WITNESS: (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 BY MS. RYALL:

18 Q (b)(4) (b)(7)(C) (b)(4) -A

19 (b)(4) -Q

20 -- (b)(4) -A

21 (b)(4)

22 (b)(4) (b)(7)(C) (b)(4)

1 (b)(4) (b)(7)(C) (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 Q And that's based on where you think the
7 market is at because you've been watching it?

8 A (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4) .

13 (b)(4)

14 (b)(4)

15 (b)(4) (b)(7)(C) s (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 MR. BATTAGLIA: (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4) ?

2 THE WITNESS: (b)(4)

3 (b)(4)

4 (b)(4),

5 (b)(4) (b)(7)(C) (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(7)(C) (b)(4)

10 (b)(4)

11 (b)(4) (b)(7)(C) (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 BY MS. RYALL:

21 Q So in that example, I'm sorry, in that

22 example (b)(4)

1 (b)(4) (b)(7)(C) (b)(4) ?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(7)(C) (b)(4)

9 -

10 MR. BENJAMIN: (b)(4)

11 (b)(4) (b)(7)(C) ?

12 THE WITNESS: (b)(4)

13 (b)(4)

14 (b)(4)

15 MR. BATTAGLIA: (b)(4)

16 (b)(4) ?

17 THE WITNESS: (b)(4)

18 MR. BATTAGLIA: Thank you.

19 BY MS. RYALL:

20 Q (b)(4)

21 (b)(4) ?

22 A (b)(4) (b)(7)(C) (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 MR. BATTAGLIA: Would there ever be a
6 scenario where you would move, touching upon what
7 we talked about earlier, I forget, we didn't use
8 the word synthetic, but an internal EFP?

9 MR. BENJAMIN: Effective.

10 MR. BATTAGLIA: Effective EFP. That
11 would involve two sides.

12 Was there ever a scenario where you
13 would be moving internally just one side, say,
14 moving bullion out of your position into another
15 trader's position internally at J.P. Morgan?

16 THE WITNESS: (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4) (b)(7)(C) (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 BY MS. RYALL:

4 Q What was (b)(7)(C)'s portfolio?

5 A (b)(4)

6 Q (b)(4)?

7 A (b)(4)

8 (b)(4)

9 Q Did he use any other portfolios?

10 A (b)(4)

11 (b)(4)

12 (b)(4).

13 So you're asking about spot trades going
14 from one book to another trade; is that what you
15 asked?

16 MR. BATTAGLIA: Correct.

17 THE WITNESS: (b)(4)

18 (b)(4)

19 (b)(4)

20 MR. BATTAGLIA: If you were doing a spot
21 trade with someone on the desk, would we expect to
22 see you offsetting that trade in the futures

1 market?

2 THE WITNESS: (b)(4)

3 (b)(4)

4 (b)(4) (b)(7)(C) (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4) (b)(7)(C) (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 MR. BATTAGLIA: (b)(4)

12 (b)(4)

13 (b)(4)?

14 THE WITNESS: (b)(4).

15 MR. BATTAGLIA: (b)(4)

16 (b)(4)?

17 THE WITNESS: (b)(4)

18 MR. BATTAGLIA: (b)(4)

19 THE WITNESS: (b)(4)

20 MR. BATTAGLIA: You testified yesterday

21 that (b)(4)

22 (b)(4)

1 THE WITNESS: (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 MR. BATTAGLIA: (b)(4)

11 (b)(4) ?

12 THE WITNESS: (b)(4)

13 MR. BATTAGLIA: (b)(4)

14 (b)(4)

15 (b)(4)

16 THE WITNESS: (b)(4)

17 (b)(4)

18 MR. BATTAGLIA: (b)(4)

19 (b)(4)

20 (b)(4) ?

21 THE WITNESS: (b)(4)

22 (b)(4)

1 BY MS. RYALL:

2 Q (b)(4) ?

3 A (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 Q (b)(4) ?

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 Q (b)(4)

15 (b)(4)

16 (b)(4) ?

17 A (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 Q (b)(4) ?

5 A (b)(4)

6 Q (b)(4) .

7 MS. RYALL: Could we mark this, please,

8 as Exhibit 10.

9 (Jordan Exhibit No. 10 was marked

10 for identification)

11 BY MS. RYALL:

12 Q Okay. For the record, this is a

13 five-page exhibit on the first page on the bottom

14 right-hand corner it says JPM-AG 00236501 and in

15 the last page is 236505.

16 Do you recognize what this document is?

17 A Don't remember it. It looks like a

18 conversation that I had with my friend, (b)(7)(C)

19 (b)(7)(C), on September 17th, starting at 11:24 p.m.

20 Q Of what year?

21 A 2009.

22 Q Okay. And at the top it says to

1 Christopher Jordan, cjordan21@Bloomberg.net?

2 A Yeah.

3 Q Do you recognize that E-mail or IM
4 address?

5 A I believe that was my IM address.

6 Q For Bloomberg chat?

7 A For Bloomberg chat and as I stated
8 earlier, I believe (b)(7)(C) generally called me to
9 start a chat.

10 Q Okay. So starting on the first page, if
11 I could direct your attention to the line at
12 12:05:35 and you have an entry there. If you
13 could take us through that.

14 A Sure. (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q (b)(4)

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4).

5 MR. BENJAMIN: (b)(4) ?

6 THE WITNESS: (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4).

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q (b)(4) ?

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 Again, very, just loose language, trader

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 Q (b)(4)

11 (b)(4).

12 A (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 MR. PENICK: (b)(4)

17 (b)(4)

18 (b)(4)?

19 THE WITNESS: (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 BY MS. RYALL:

2 Q Okay, dropping down a few lines to

3 12:51:31.

4 A Yeah.

5 Q (b)(4)

6 (b)(4) ?

7 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

9 Q (b)(4)

10 (b)(4)

11 (b)(4) ?

12 A Sledge. I don't know what that means.

13 Q You say sledge, bam. What is they

14 didn't like that, my man?

15 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

16 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

17 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3);7 U.S.C. §12 (CEA); (b)(4) , it's just, again, very trader

19 tongue-in-cheek talk, like a market that gets

20 hammered, jammed, sledge hammered, lead piped.

21 (b)(4)

22 (b)(4) . I don't, I mean, again, it's a lot

1 of bravado with a young kid I'm trying to impress.

2 That's how I read it.

3 Q Well sledge sounds kind of extreme.

4 A Yeah, and there are words that are very

5 embarrassing to read. (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4).

10 Q (b)(4)

11 (b)(4)

12 (b)(4) ?

13 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3);7 U.S.C. §12 (CEA); (b)(4).

16 Q Okay. On the next page, at the top, I

17 guess it's a continuation of (b)(7)(C) at

18 13:10:33. He says lead pipe.

19 A Yeah. I, I don't know if I brought this

20 up yesterday but a lot of, a lot of terms

21 originated from the floor and like, and I do

22 recall where this term and it's something that

1 they use for the markets on the floor, the market
2 went a lot lower, it got lead-piped, you know,
3 like it went down aggressively, it went down fast.

4 And so (b)(7)(C)'s saying that to me, like,

5 wow, it went a lot lower (b)(3):7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

7 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3):7 U.S.C. §12 (CEA); (b)(4).

11 Q Okay. Skipping down to the bottom at
12 13:56:47, you say just opened my bottom drawer
13 where I keep my slime lead pipe.

14 A Yeah, that's just, couldn't be more
15 embarrassing, but it's, that's a reference, (b)(4)

16 (b)(4) and the market's not going
17 your way, you know, in the old days my boss, one
18 of my bosses would say you can, if you really have
19 conviction, you've got room in your bottom drawer
20 to go a little more short or a little more long.

21 So I'm just saying I have, (b)(3):7 U.S.C. §12
(CEA); (b)(4)

22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

1 (b)(4)

2 (b)(4).

3 Q Well in keeping with that, the bottom
4 drawer that you just talked about, (b)(4)

5 (b)(4) ?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4).

14 Q Did you ever brag to your friends that
15 you did move the market?

16 A I may have. I don't know.

17 Q Did your friends -MR.

18 GRIMM: Are you saying that the
19 metaphor of the lead pipe in the bottom drawer,
20 that could be used to refer to a tool available to
21 you to move the market if it's not going your way?

22 THE WITNESS: I don't know. I mean

1 that's, like I said, I, that's, I think,
2 over-thinking it.

3 I'm just, I'm expressing that I really
4 think the market's going down. I have a strong
5 conviction. That's, that's what I mean, like it's
6 going to get lead-piped.

7 BY MS. RYALL:

8 Q Well -

9 A Not that I am going to lead pipe it, but
10 like I really have conviction.

11 Q Well I don't know that it's
12 over-thinking it, because if you go to the next
13 page, 6503, at the very top you say removed it,
14 now holding it, ha, ha?

15 A Yeah. I don't know. Just that, (b)(3):7
16 (b)(3):7 U.S.C. §12(CEA); (b)(4) and I think if you read through
17 the rest of this, I say that I got it wrong. I'm
18 not sure, but I thought I saw that.

19 But just that I have conviction (b)(3):7 U.S.C.
20 (b)(3):7 U.S.C. §12(CEA); (b)(4).

21 MR. BENJAMIN: That's how you'd
22 interpret it?

1 THE WITNESS: That's how I interpret it.

2 BY MS. RYALL:

3 Q Okay. Down on that same page at

4 14:23:53 (b)(4)

5 (b)(4) ?

6 A Yeah, so -Q

7 (b)(4)

8 (b)(4) ?

9 A (b)(4) -Q

10 (b)(4) .

11 A -- (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 MR. PENICK: (b)(4)

16 (b)(4) ?

17 THE WITNESS: (b)(4) .

18 BY MS. RYALL:

19 Q Okay. If we skip to the last page,

20 6505. At 16:18:28 (b)(4)

21 (b)(4) .

22 A (b)(3); 7 U.S.C. §12 (CEA); (b)(4)

1 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

4 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

6 MR. PENICK: I have one. Going back to
7 the first page, December 18th at 12:51:31.

8 THE WITNESS: Yeah.

9 MR. PENICK: You have, it looks like a

10 typo, (b)(4)

11 (b)(4)

12 (b)(4) ?

13 THE WITNESS: (b)(4)

14 (b)(4).

15 MR. PENICK: (b)(4)

16 (b)(4) ?

17 THE WITNESS: (b)(3):7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

20 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

21 MR. PENICK: Thank you.

22 MS. RYALL: I think we're up to Number

1 11, would you please mark that.

2 (Jordan Exhibit No. 11 was marked
3 for identification)

4 THE WITNESS: Okay.

5 BY MS. RYALL:

6 Q Did you have a chance to review that?

7 A I have.

8 Q Okay. And do you recognize what this
9 document is?

10 A I recognize it to be a conversation with
11 (b)(7)(C) on September 18th, 2009, starting at
12 12:54 on the Bloomberg IM.

13 Q And who is (b)(7)(C)?

14 A (b)(7)(C) is another friend of mine.

15 (b)(7)(C)

16 (b)(7)(C)

17 (b)(7)(C)

18 (b)(7)(C)

19 Q Okay. On the first page that has the
20 bates number JPM-AG 00236596 and it goes to 6597.
21 On the first page at 16:55:49, can you start there
22 and take us through this conversation.

1 A You have to look, so he's calling me and
2 he's saying is everybody talking about Euro
3 Sterling.

4 MR. BENJAMIN: That's at 16:55:01?

5 THE WITNESS: (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4).

10 (b)(4).

11 BY MS. RYALL:

12 Q Okay, skip down to 17:03:06.

13 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

16 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

17 (b)(3);7 U.S.C. §12 (CEA);
(b)(4)

18 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

20 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

21 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

22 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 Q Skip down to 17:04:33, there's a line

17 from you.

18 A (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 Q (b)(4)

5 (b)(4) ?

6 A (b)(4)

7 (b)(4)

8 Q And what is the it you're talking about?

9 A Send it. It's just a term, he sent it
10 home. I know it to mean he did very well. He
11 sent it home yesterday. It's slang, loose
12 language and (b)(7)(C) is, really talks in this type
13 of language. I mean I sat next to him for five
14 years, so he saw me make and lose, make and lose.
15 And if you did well, oh, wow, you sent it home
16 yesterday, that's the context I know.

17 Q (b)(4)

18 (b)(4) ?

19 A (b)(4)

20 (b)(4)

21 (b)(4).

22 Q Then he says you are, you really are a

1 beast, send it home, it misses its mommy?

2 A Yeah, like I hope -Q

3 And you say ha, ha, stay tuned.

4 A I read that to mean my conviction will

5 be right, that I think I'm going to be right but

6 it's not working out for me so far. That's how I

7 read that.

8 Q Okay.

9 MS. RYALL: Can we mark this as 12.

10 (Jordan Exhibit No. 12 was marked

11 for identification)

12 BY MS. RYALL:

13 Q Did you have a chance to look at this?

14 A Yeah, I did.

15 Q Do you recognize what this is?

16 A It looks like an E-mail to my good

17 friend in the market, (b)(7)(C), on October

18 15th, 2009, at 7:41 a.m. in the morning.

19 Q And in the from line it says

20 (b)(7)(C)

21 A That looks to be my E-mail address.

22 Q At J.P. Morgan?

1 A Yes.

2 Q And who is (b)(7)(C)?

3 A (b)(7)(C) is somebody I've known for

4 probably 12 years. He used to be at (b)(7)(C)

5 (b)(7)(C)

6 (b)(7)(C), so he trades every

7 commodity in the world, from my understanding.

8 He's also somebody that I've, I would

9 call from time to time when I had a strong view on

10 the market or when I had an opinion because I

11 would want to get his feedback because I found him

12 to be right a lot more than he's wrong and he's

13 somebody that I just really respect.

14 Q Where is he today?

15 A He, I don't know what he's doing today.

16 I know he's no longer at (b)(7)(C). I believe he

17 just sits in an office and trades some of his own

18 money, but I believe he had been retired by now -I

19 mean I'm pretty sure he retired from (b)(7)(C),

20 so he just, but he watches, from what I

21 understand, he watches the markets all the time

22 and usually has opinions.

1 Q What is his age range?

2 A I'd guess (b)(7)(C), I would guess.

3 Q Okay. And could you read the substance
4 of this E-mail and then take us through what
5 you're talking about?

6 A Sure. Again, this is kind of the way we
7 speak to each other.

8 Hold on to your hat today, like I feel
9 like today's, it's, something's going to move
10 today. I have my lead pipe out in silver. Last
11 night has the feel of capitulation in everything,
12 but I've been wrong before. Go easy.

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q Do you know other traders who use the
2 term lead pipe (b)(4)?

3 A I mean, again, this came, I remember the
4 term from when, when I first started in the
5 business originating from the floor, which means
6 (b)(4), the way I understood
7 it, it came from a guy named (b)(7)(C) who used
8 to say, because I had a reputation as usually
9 being bullish, that's typically what I am, and I
10 remember vaguely that he, that one time I sold and
11 he's like whatever C.J. sells, it has the effect
12 -- I mean it has, the market gets lead-piped, it
13 goes down.

14 But that's how I understand the term.

15 (b)(7)(C) used it and I just, to me it means you
16 have, you have a strong view. I mean, and I, I
17 believe (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

19 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

20 (b)(3);7 U.S.C. §12
(CEA); (b)(4)

21 Q So he would say that when you sold, you
22 were lead-piping?

1 A No, no, not in that context. It's, the
2 market in general goes down. You're not
3 lead-piping because you're selling, and as I
4 described my style earlier, (b)(4)

5 (b)(4)

6 (b)(4).

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4).

11 MS. RYALL: If you could mark this as
12 Exhibit 13, please.

13 (Jordan Exhibit No. 13 was marked
14 for identification)

15 THE WITNESS: Okay.

16 BY MS. RYALL:

17 Q For the record, this is a one-page
18 exhibit and at the bottom right-hand corner is the
19 bates number JPM-AG 00237747.

20 What do you recognize this to be?

21 A This looks like a, even though it looks
22 in a different context, I believe this is a

1 Bloomberg chat with (b)(7)(C).

2 Q And who is that?

3 A (b)(7)(C) was, was a person that I
4 worked with when I was at Morgan Stanley. He was

5 (b)(7)(C)

6 at Morgan Stanley and then he started his own
7 hedge fund.

8 Again, similar to (b)(7)(C), somebody
9 that I have extreme respect for that just was, I
10 always thought had tremendous opinions on markets.

11 Q Did he trade metals?

12 A I don't think he, I don't know is the
13 answer.

14 Q Okay. And (b)(7)(C) was you?

15 A That's me.

16 Q Okay.

17 A Hey -

18 Q Can you take us through this, yes.

19 A So I think, is this the same date as

20 (b)(7)(C)'s?

21 Q Yeah, this is October 15th, 2009.

22 A Seems to be suggesting that I have very,

1 I have a strong conviction, I have a view. (b)(3);7 U.S.C.

2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

3 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

4 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

6 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

7 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

8 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

9 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

10 (b)(3);7 U.S.C.

11 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?

12 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

13 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

14 Q Okay.

15 A (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 Q (b)(4)

22 (b)(4) ?

1 A (b)(4)

2 Q Okay.

3 A (b)(4)

4 (b)(4).

5 Q Okay.

6 A (b)(4).

7 Q (b)(4)

8 (b)(4) ?

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 MR. BENJAMIN: (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4) ?

16 THE WITNESS: (b)(4).

17 BY MS. RYALL:

18 Q (b)(4)

19 (b)(4) ?

20 A (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 MR. GRIMM: (b)(4)

7 (b)(4) ?

8 THE WITNESS: (b)(4)

9 (b)(4)

10 (b)(4)

11 MR. PENICK: (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4) ?

15 THE WITNESS: (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 MR. GRIMM: (b)(4)

3 (b)(4)

4 (b)(4) ?

5 THE WITNESS: (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 MR. BENJAMIN: And that's the theta and
12 gamma that you referred to earlier?

13 THE WITNESS: That's theta and gamma.

14 MR. GRIMM: (b)(4)

15 (b)(4)

16 BY MS. RYALL:

17 Q (b)(4) .

18 A (b)(4) ?

19 MR. GRIMM: (b)(4)

20 (b)(4)

21 (b)(4)

22 THE WITNESS: (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 BY MS. RYALL:

8 Q (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4) ?

12 A (b)(4).

13 Q Okay.

14 A And again, I would say that I'm sure
15 this is exaggeration. This is a guy that I want
16 to think that, you know, I just look up to and
17 whatever. I don't, I'm not sure that I did these
18 trades.

19 Q (b)(4)

20 (b)(4)

21 (b)(4) ?

22 A (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 Q Okay. Dropping down to the second to
5 last line here at 11:31:11 p.m.

6 A Sure.

7 Q You say -

8 A I've taken my, I've taken my lead pipe,
9 your old mini baseball bat out of my bottom
10 drawer, whacking, I'm whacking this thing.

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4) (b)(7)(C) (b)(4)

15 (b)(4)

16 Your old mini baseball bat, and this is,

17 (b)(7)(C), when he was running the natural gas group

18 at Morgan Stanley, we used to all just talk about

19 whenever he got nervous, he actually did have

20 physically in his bottom drawer like a little

21 baseball bat and he was like, kind of like a very

22 quiet guy, from what I remember, and whenever he

1 would get a big position, he was a bigger trader
2 than all of us, from what I remember, he would
3 hold his little baseball bat and go like this and
4 stare at the screen.

5 MR. BENJAMIN: When you say go like
6 this, you mean tapping into his palm?

7 THE WITNESS: Into his palm, that's what
8 we said, ut-oh, he must have a big position, he's
9 taken out his baseball bat.

10 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
11 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
12 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
13 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
16 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
17 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

18 MR. SMITH: (b)(4)
19 (b)(4)
20 (b)(4) ?

21 THE WITNESS: (b)(4)
22 (b)(4) .

1 (b)(4)
2 (b)(4)
3 (b)(4)
4 (b)(4)
5 (b)(4)
6 (b)(4)
7 (b)(4) (b)(7)(C)
8 (b)(4)
9 (b)(4)

10 (b)(4)
11 (b)(4)
12 (b)(4)
13 (b)(4)
14 (b)(4)
15 (b)(4)

16 MR. SMITH: Was there any fundamentals
17 in the market at this time that you saw?

18 THE WITNESS: (b)(4)
19 (b)(4)
20 (b)(4)
21 (b)(4)
22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 BY MS. RYALL:

9 Q So you've been telling us then that your
10 whacking silver with a lead pipe means (b)(4)
11 (b)(4) ?

12 A Well I'm using the lead pipe, I read
13 this to mean same as his mini baseball bat, like
14 whenever he'd get nervous, (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 MR. GRIMM: How would you distinguish -the
21 previous two exhibits were on the same day?

22 THE WITNESS: Yeah.

1 MR. GRIMM: The morning to (b)(7)(C)

2 you say I have my lead pipe out in silver.

3 THE WITNESS: Yeah.

4 MR. GRIMM: In the afternoon to (b)(7)(C)

5 you say I, I've taken my lead pipe out, I am
6 whacking this thing? How would you distinguish
7 between those two statements?

8 MR. BENJAMIN: If you would.

9 THE WITNESS: To me, yeah, I don't.

10 MR. GRIMM: If you would.

11 THE WITNESS: (b)(4); (b)(3); 7 U.S.C. § 2018(c)

12 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

13 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

14 MR. GRIMM: (b)(4); (b)(3); 7 U.S.C. § 2018(c)

15 (b)(4); (b)(3); 7 U.S.C. § 2018(c) ?

16 THE WITNESS: (b)(4);
(b)(3); 7

17 MR. GRIMM: (b)(4); (b)(3); 7 U.S.C. § 2018(c)

18 (b)(4); (b)(3); 7 U.S.C. § 2018(c) ?

19 THE WITNESS: (b)(4); (b)(3); 7 U.S.C. § 2018(c)

20 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

21 MS. RYALL: If we could mark this please
22 as 14.

1 (Jordan Exhibit No. 14 was marked

2 for identification)

3 BY MS. RYALL:

4 Q For the record, this is a seven-page

5 exhibit and on the first page at the bottom right

6 corner it says JPM-AG 00208612 and it goes through

7 208618.

8 MR. BATTAGLIA: Christine, can I do a

9 follow-up on what he was talking about on the

10 October 15th?

11 MS. RYALL: Can you just wait until he

12 finishes reading this?

13 MR. BATTAGLIA: Great.

14 BY MS. RYALL:

15 Q Did you have a chance to review that?

16 A Yes, I have.

17 Q Okay. And what do you recognize this to

18 be?

19 A A Bloomberg chat with my boss, (b)(7)(C)

20 (b)(7)(C), on August 19th, 2008, beginning at 10:33

1 concentrate on the first two pages, if you could

2 just start and take us through this conversation

3 -

4 A Sure.

5 Q -- start at the beginning.

6 A Well you can see by the end of it, (b)(7)(C)'s

7 on vacation and this is very typical of the way he
8 would trade with me, Bloomberg or calling me up,
9 so I'm assuming he's doing both and this is a busy
10 day.

11 So he's calling me first and saying any
12 thoughts.

13 MR. BENJAMIN: Or he's IMing you.

14 THE WITNESS: IMing me, any thoughts. I
15 guess we had a chat already signed up. No,
16 actually, at the beginning it says he invites me
17 into the room, so he's calling to talk to me and
18 he's asking any thoughts.

19 I said hey, (b)(7)(C), deadly quiet here. (b)(7)(C)

20 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

21 (b)(4); (b)(3); 7 U.S.C. § 2018(c) (b)(7)(C). (b)(7)(C) was the silver

22 option trader with (b)(7)(C) in London.

1 Q (b)(7)(C) ?

2 A (b)(7)(C). Otherwise, dead. So

3 I'm saying not much going on, (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 Q (b)(4) ?

11 A (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 Q Which metal are you talking about in
20 this line?

21 A When he says any thoughts, generally
22 that just means metals, so I use it as a

1 broad-based gold, silver, Platinum, palladium.

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

11 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

12 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

13 Q (b)(4)

14 (b)(4) ?

15 A (b)(4)

16 (b)(4).

17 Q Okay.

18 A (b)(4)

19 (b)(4)

20 Q Okay.

21 A (b)(4)

22 (b)(4)

1 (b)(4); (b)(3);7 U.S.C. § 2018(c)

2 (b)(4); (b)(3);7 U.S.C. § 2018(c)

3 (b)(4); (b)(3);7 U.S.C. § 2018(c)

4 (b)(4); (b)(3);7 U.S.C. § 2018(c)

5 (b)(4) (b)(7)(C) (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4) (b)(7)(C) (b)(4)

14 (b)(4)

15 MR. BENJAMIN: (b)(4)

16 (b)(4)

17 (b)(4) ?

18 THE WITNESS: (b)(4).

19 BY MS. RYALL:

20 Q Going to the next page, 8613.

21 A (b)(4); (b)(3);7 U.S.C. § 2018(c)

22 (b)(4); (b)(3);7 U.S.C. § 2018(c)

1 Q (b)(7)(C) says that?

2 A (b)(4)

3 (b)(4)

4 (b)(4)

5 Q (b)(4)

6 (b)(4)

7 (b)(4) ?

8 A (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 Q (b)(4) ?

18 A (b)(4)

19 (b)(4) (b)(7)(C)

20 Q Okay.

21 A (b)(4)

22 (b)(4)

1 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

2 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

3 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

4 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

5 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

6 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

7 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

8 Q (b)(4); (b)(3); 7 U.S.C. § 2018(c)

9 (b)(4); (b)(3); 7 U.S.C. § 2018(c) ?

10 A (b)(4); (b)(3); 7 U.S.C. § 2018(c)

11 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

12 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

13 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

14 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

15 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

16 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

17 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

18 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

19 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

20 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

21 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

22 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

1 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

2 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

3 (b)(4); (b)(3); 7 U.S.C. § 2018(c)

4 Q (b)(4) ?

5 A (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4) (b)(7)(C) (b)(4)

12 Q (b)(4) ?

13 A (b)(4)

14 (b)(4)

15 (b)(4)

16 Q All right, we don't need to go any
17 further than that.

18 MS. RYALL: Okay. I don't have much
19 more to do, so let's just run through.

20 MR. BENJAMIN: Great.

21 BY MS. RYALL:

22 Q While you were working at (b)(4),

1 did you ever engage in trading for the purpose of
2 influencing the price on COMEX?

3 A No.

4 Q (b)(4)

5 (b)(4) (b)(7)(C) ?

6 A (b)(4)

7 (b)(4)

8 (b)(4) (b)(7)(C) (b)(4)

9 Q To your knowledge, did Mr. (b)(7)(C) ever

10 (b)(4)

11 (b)(4) ?

12 A (b)(4)

13 Mr. (b)(7)(C) (b)(4)

14 Q Okay, (b)(4) ?

15 A As far as I know, no.

16 Q (b)(4) ?

17 A (b)(4)

18 (b)(4)

19 Q Okay. I just want to talk just
20 generally about some market activity you may have
21 observed when you were trading.

22 A Sure.

1 Q (b)(4)

2 (b)(4)

3 (b)(4)?

4 A Did I, could you read that again, I
5 apologize.

6 Q (b)(4)

7 (b)(4)

8 (b)(4)?

9 A (b)(4)

10 Q Did you ever observe (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)?

14 A (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4).

18 Q How often did you observe that?

19 A I'd say (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 Q In general, (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4) ?

11 A (b)(4) .

12 Q (b)(4) ?

13 A (b)(4) .

14 Q (b)(4) ?

15 A (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 Q (b)(4)

1 (b)(4)

2 (b)(4)

3 A (b)(4)

4 (b)(4)

5 Q (b)(4) ?

6 A (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4) .

10 Q (b)(4)

11 (b)(4) ?

12 MR. BENJAMIN: (b)(4) ?

13 BY MS. RYALL:

14 Q (b)(4) .

15 A (b)(4)

16 (b)(4) .

17 Q (b)(4)

18 (b)(4) ?

19 A (b)(4)

20 Q Okay.

21 A (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 Q To your knowledge, did the traders you
4 worked with at J.P. Morgan ever (b)(4)

5 (b)(4)

6 (b)(4) ?

7 A (b)(4)

8 MR. PENICK: (b)(4)

9 (b)(4) ?

10 THE WITNESS: (b)(4)

11 (b)(4)

12 (b)(4) .

13 I was focused on my own trading. I, the
14 answer is I don't know.

15 BY MS. RYALL:

16 Q Did you ever show a bid or offer on
17 Globex that you didn't intend to execute?

18 A Only if it, I would only cancel
19 something if I changed my mind or it was put in in
20 error, but, no.

21 Q (b)(4)

22 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4) ?

4 A (b)(4) ?

5 Q (b)(4)

6 (b)(4) .

7 (b)(4)

8 (b)(4) .

9 A (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 Q In your opinion, why would (b)(4)

16 (b)(4) ?

17 A (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q When you say (b)(4)

2 (b)(4) ?

3 A (b)(4) .

4 MR. PENICK: Is that (b)(4)

5 (b)(4) ?

6 THE WITNESS: (b)(4)

7 (b)(4) .

8 MS. RYALL: That's what I referred to as

9 (b)(4) .

10 THE WITNESS: (b)(4)

11 (b)(4) .

12 BY MS. RYALL:

13 Q Was there (b)(4)

14 (b)(4)

15 (b)(4) ?

16 MR. BENJAMIN: Just as a general matter?

17 BY MS. RYALL:

18 Q As a general matter.

19 A Again, that (b)(4)

20 (b)(4)

21 (b)(4) .

22 Q Okay. Same questions, did you ever

1 (b)(4)

2 (b)(4)

3 (b)(4) ?

4 A (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 Q (b)(4)

13 (b)(4)

14 (b)(4) ?

15 A (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 (b)(4)

1 Q (b)(4)

2 (b)(4) ?

3 A (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 Q (b)(4)

15 (b)(4) ?

16 A (b)(4)

17 Q (b)(4)

18 (b)(4)

19 (b)(4) ?

20 A (b)(4) -MR.

21 BENJAMIN: You mean just the time of

22 day?

1 MS. RYALL: Yeah.

2 THE WITNESS: (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 (b)(4)

7 (b)(4)

8 (b)(4)

9 (b)(4)

10 (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

1 (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 Q (b)(4)

7 (b)(4)

8 (b)(4) ?

9 A (b)(4)

10 (b)(4) .

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4)

18 Q (b)(4)

19 (b)(4)

20 (b)(4)

21 (b)(4)

22 Did you ever notice that?

1 A I can't really recall. (b)(4)

2 (b)(4)

3 (b)(4)

4 (b)(4)

5 (b)(4)

6 But otherwise, no.

7 MR. GRIMM: (b)(4)

8 (b)(4)

9 (b)(4)

10 THE WITNESS: (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 (b)(4)

16 (b)(4)

17 (b)(4).

18 MR. SMITH: (b)(4)

19 (b)(4)?

20 THE WITNESS: (b)(4).

21 MR. BENJAMIN: (b)(4)?

22 MR. SMITH: (b)(4).

1 THE WITNESS: No, no. (b)(4)

2 (b)(4)

3 (b)(4)

4 MR. PENICK: How late did you normally
5 stay at work at J.P. Morgan if you got in at 6:30
6 or so?

7 THE WITNESS: 5 to 5:30.

8 MR. PENICK: So you stayed until the
9 floor had actually closed?

10 THE WITNESS: (b)(4)

11 (b)(4)

12 (b)(4)

13 (b)(4)

14 (b)(4)

15 MS. RYALL: I'm done, but I'd like to
16 take five minutes to talk to my colleagues just to
17 make sure there's no other questions and then
18 after that I'll give you an opportunity to -

19 MR. BENJAMIN: Okay.

20 MS. RYALL: So off the record for five
21 minutes.

22 (Recess)

1 MS. RYALL: I am finished with all the
2 questions that I have.

3 BY MS. RYALL:

4 Q Anything you want to clarify before we
5 end here today?

6 A I'd just like to thank you guys and tell
7 you that I did the best to answer all these
8 questions openly and honestly and that's it.

9 Thank you for being so nice, so.

10 MS. RYALL: Okay. And do you have
11 anything you'd like to ask him to clarify?

12 MR. BENJAMIN: No. But I would like to
13 also express my appreciation for being permitted
14 to ask questions as we went through.

15 MS. RYALL: Do you have any questions?

16 MR. SCHROEDER: No. Just on the record,
17 we're requesting FOIA confidential treatment for
18 the transcript for both days and I'll follow up
19 with a letter.

20 MS. RYALL: Okay. Thank you, and we are
21 finished.

22 We'll go off the record. Thank you.

1 THE WITNESS: Thank you so much.
2 (Whereupon, at 12:51 p.m., the
3 testimony of CHRISTOPHER T. JORDAN
4 was adjourned.)
5 * * * * *

1 CERTIFICATE OF NOTARY PUBLIC

2 I, Carleton J. Anderson, III do hereby certify
3 that the witness whose testimony appears in the
4 foregoing hearing was duly sworn by me; that the
5 testimony of said witness was taken by me and
6 thereafter reduced to print under my direction;
7 that said deposition is a true record of the
8 testimony given by said witness; that I am neither
9 counsel for, related to, nor employed by any of
10 the parties to the action in which these
11 proceedings were taken; and, furthermore, that I
12 am neither a relative or employee of any attorney
13 or counsel employed by the parties hereto, nor
14 financially or otherwise interested in the outcome
15 of this action.

16 /s/Carleton J. Anderson, III

17 Notary Public # 351998

18 in and for the Commonwealth of Virginia

19 My Commission Expires:

20 November 30, 2012

1 ERRATA SHEET FOR THE DEPOSITION OF

2 _____

3 Case Name: _____

4 CORRECTIONS

5 Pg. Ln. Now Reads Should Read Reasons:

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

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21 Reviewed by: Date:

22 _____

1 To the Witness:

2 Please note any errors and the
3 corrections thereof, on this errata sheet. Any
4 change or correction should have a reason. It may
5 be a general reason, such as "To correct
6 stenographic error," or "To clarify the record,"
7 or "To conform with the facts." Once you have
8 completed the sheet, signed and dated it, return
9 the sheet to your attorney, not to the court
10 reporting agency. Attorneys should exchange
11 errata sheets among the parties.

Transcript Word Index

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

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(b)(4); (b)(6); (b)(7)(C)

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(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

Silver Price Manipulation

Nowak, Michael Vol 1

8/3/2010 10:04 AM

1 -----X
2 IN THE MATTER OF:
3 SILVER PRICES
4 -----X

5 140 Broadway
6 New York, New York
7 August 3, 2010
8 10:04 a.m.

9
10
11 DEPOSITION of MICHAEL NOWAK, the
12 Witness herein, taken by the COMMODITY
13 FUTURES TRADING COMMISSION, pursuant to
14 Agreement, held at the above-noted time and
15 place, before a Notary Public of the State
16 of New York.

1
2
3 APPEARANCES:
4
5 COMMODITY FUTURES TRADING COMMISSION
6 Division of Enforcement
7 1155 21st Street N.W.
8 Washington, D.C. 20581
9
10 BY: CHRISTINE M. RYALL, ESQ.
11 EUGENE SMITH, ESQ.
12 PAUL G. HAYECK, ESQ.
13
14
15
16 J.P. MORGAN
17 245 Park Avenue, 11th floor
18 New York, New York 10167
19
20 BY: ARMAND NAKKAB, EXECUTIVE DIRECTOR
21
22
23
24
25

1
2 (Privacy act was marked as
3 Commission's Exhibit 1 for
4 identification, as of this date.)
5 MICHAEL NOWAK, the Witness
6 herein, having been first duly sworn by
7 Kevin B. Jones, a Notary Public in and
8 for the State of New York, was examined
9 and testified as follows:

10 EXAMINATION BY
11 MS. RYALL:
12 Q Could you state your name and
13 spell it for the record.
14 A Michael Nowak, M-I-C-H-A-E-L,
15 N-O-W-A-K.
16 MS. RYALL: There are just a few
17 things I need to go through at the
18 beginning of any of these testimonies.
19 Just bear with me.
20 THE WITNESS: Sure.
21 MS. RYALL: This is an
22 investigation by the United States
23 Commodity Futures Trading Commission in
24 the matter of Enright silver prices to
25 determine whether there have been

1 Nowak
2 violations of certain provisions of the
3 Commodity Exchange Act and regulations.
4 However, the facts developed in this
5 investigation might constitute
6 violations of other federal or state,
7 civil or criminal laws.
8 My name is Christine Ryall, and
9 I am an officer of the Commission for
10 purposes of this proceeding. I have
11 other CFTC staff with me today.
12 Could you identify yourselves,
13 please.
14 MR. SMITH: Eugene Smith from
15 the Commodity Futures Trading
16 Commission.
17 MR. HAYECK: Paul Hayeck.
18 Q Mr. Nowak, you are represented
19 by counsel today?
20 A Yes.
21 MS. RYALL: Could you guys
22 identify yourselves.
23 MR. RAISLER: Ken Raisler with
24 Sullivan & Cromwell.
25 MR. SCHROEDER: William

1 Nowak
 2 Schroeder with Sullivan & Cromwell.
 3 MR. NAKKAB: Ari Nakkab, J.P.
 4 Morgan compliance.
 5 MS. WONG: Cheryl Wong, Sullivan
 6 & Cromwell.
 7 Q Prior to today, we did provide
 8 to your counsel a document called statement
 9 to persons directed to provide information
 10 pursuant to a Commission subpoena or
 11 voluntarily. I am putting that in front of
 12 you. It's marked Exhibit 1.
 13 Do you recognize that document?
 14 A Yes, I do actually.
 15 Q Have you had a chance to review
 16 that document before today?
 17 A Yes, I have.
 18 Q Do you have any questions about
 19 that document, about the substance of that
 20 document?
 21 A No.
 22 Q You understand that you are
 23 under oath?
 24 A Yes.
 25 Q That means you are swearing all

1 Nowak
 2 your answers are true and correct?
 3 A Yes.
 4 Q If at any time I ask you a
 5 question and you don't understand, will you
 6 let me know?
 7 A I will, yes.
 8 Q If at some time you realize that
 9 a previous answer is incomplete or
 10 incorrect, will you let me know?
 11 A Okay.
 12 Q Is there any reason that you
 13 can't give clear and complete answers today?
 14 A No.
 15 Q I expect we'll probably stop for
 16 lunch around one, but if you need anything,
 17 you want to stop, talk to your attorney, let
 18 me know, and we will go off the record for
 19 that.
 20 A Okay, sounds good.
 21 Q The first thing I want to do is
 22 go through your background. If you can just
 23 start with college, where you went to
 24 college, what your major was.
 25 A Sure. (b)(6); (b)(7)(C)

1 Nowak
 2 (b)(6); (b)(7)(C)
 3
 4
 5 Q Did you do any post-grad work?
 6 A No. I went directly from
 7 undergrad in the July after I graduated, I
 8 started working at J.P. Morgan.
 9 Q Have you been there since?
 10 A I have, yes.
 11 Q The next part is your employment
 12 history, so that's very short. Let's go
 13 through what your positions have been there
 14 starting with when you first arrived.
 15 A Sure. The first job that they
 16 had me do, well, at least when I joined is
 17 you go through a rotational training program
 18 and you spend a year rotating through four
 19 different desks to get experience. Then you
 20 go through a classroom training program
 21 after that, and then you finally get placed
 22 on a desk about 18 months into it. My first
 23 desk placement was the natural gas options
 24 desk where I was the junior trader for those
 25 guys.

1 Nowak
 2 Q The business or line of business
 3 that you went into, what was that called?
 4 A It was in commodities.
 5 Q How long was the training
 6 session?
 7 A The training session was about
 8 three or four months long. It was classroom
 9 training. And then after that -- so I spent
 10 about -- so that wasn't until 1998 that I
 11 finally really started working full time on
 12 the desk. I spent about a year on the
 13 natural gas desk, and then they actually
 14 shut down the oil and gas desks at the old
 15 J.P. Morgan, and they moved me over to the
 16 gold desk at the time.
 17 Q What year was that?
 18 A That was in -- I started in late
 19 '97, then it was late '98 that I moved over
 20 to the gold desk. It was about a year I was
 21 on the natural gas desk. I think that's
 22 actually, that's probably more accurate.
 23 Q In the first year you did
 24 rotations?
 25 A Yes, correct.

1 Nowak
 2 Q What jobs did you do in the
 3 rotations?
 4 A I did one rotation in the
 5 interest rate swap trading desk, one
 6 rotation on the interest rate sales desk,
 7 one on a municipal derivatives desk, and one
 8 on FX spot desk for trading.
 9 Q Were you actually trading in
 10 those positions, or were you supporting the
 11 traders?
 12 A I was supporting the traders,
 13 and helping things.
 14 Q What would you do to support
 15 them?
 16 A For the FX spot desk (b)(4)
 17 (b)(4)
 18 (b)(4) In the interest rate option,
 19 sorry, the interest rate swaps trading desk
 20 (b)(4)
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4) On the interest rate sales
 3 desk (b)(4)
 4 (b)(4)
 5
 6
 7
 8
 9 Q How did you do that? Did you
 10 call around to other counterparties?
 11 A (b)(4)
 12 (b)(4)
 13
 14 And then on the interest rates, on the
 15 municipal derivatives desk (b)(4)
 16 (b)(4)
 17
 18 Q For clients of the bank?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23 Q Do they still do that now (b)(4)
 24 (b)(4)
 25 (b)(4) P

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5 Q Going back to the natural gas
 6 desk, what did you do there?
 7 A I was the junior for the options
 8 trader there. So in that capacity the first
 9 job where I was actually ever able to trade.
 10 (b)(4)
 11
 12
 13
 14
 15
 16
 17 Q I got the impression, I haven't
 18 done any trading, but that natural gas
 19 options are pretty intense.
 20 A It's now intense. I happened to
 21 be there probably during the least
 22 interesting window of time.
 23 Q Before the hedge funds came in?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q So they got rid of that desk,
 7 and you got moved to the gold desk?
 8 A Yes.
 9 Q What did you start doing there?
 10 A I was the forwards trader, (b)(4)
 11 (b)(4)
 12
 13 (b)(4). So I traded during New York hours,
 14 and someone else traded during the London
 15 hours.
 16 Q What are New York hours?
 17 A Usually get in around 7, 7
 18 o'clock in the morning or so, and until we
 19 go home around 5:00.
 20 Q And then what are the London
 21 hours generally?
 22 A They come in between 7:30 and
 23 8:00 London time, and they leave around 5
 24 o'clock their time. So there is overlap for
 25 about five hours.

1 Nowak
 2 Q There is also a Singapore office
 3 now?
 4 A That's correct.
 5 Q Was there one at that time?
 6 A There was, yes.
 7 Q What hours are they actually
 8 working?
 9 A They get in around 7 o'clock
 10 their time, which depending on your time
 11 zone it's either 7 or 8 our time.
 12 Q In the morning?
 13 A It would be their 7:00 a.m. is
 14 either 7:00 p.m. or 8:00 p.m. our time. So
 15 there is usually about maybe an hour and a
 16 half gap from the time New York goes home
 17 and Singapore comes in.
 18 Q You said you were working on the
 19 forwards. Could you describe for me what
 20 that is?
 21 A The forwards are when you buy
 22 spot and sell forward gold. So the
 23 difference between the spot price, which is
 24 deliverable in two days, and a forward
 25 price, which could be anywhere from three

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q You did that too?
 8 A Yes.
 9 Q Did your job changes at some
 10 time?
 11 A In 2000 I got moved to London,
 12 (b)(4)
 13 (b)(4)
 14 (b)(4). So I moved over there in 2000.
 15 And then my job, my actual job function was
 16 the same, it was done out of London. And
 17 then in 2001 we had the merger with Chase,
 18 and that's when my job did change. I then
 19 became the options trader out of London, (b)(4)
 20 (b)(4)
 21 (b)(4), and then in March of
 22 2002 I moved back to the U.S. to be the
 23 U.S., the options trader back in the U.S.
 24 You might remember I said that we shut the

1 Nowak
 2 days to ten years. (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4)
 9 (b)(4)?
 10 A (b)(4)
 11 Q (b)(4)?
 12 A (b)(4)
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4).
 16 Q (b)(4)?
 17 A (b)(4).
 18 Q Anything else that you did in
 19 that position?
 20 A I mean there were other,
 21 other -- what do you mean by were there
 22 other things?
 23 Q What were your other duties
 24 besides handling the forwards (b)(4)
 25 (b)(4)?

1 Nowak
 2 U.S. desk down, but actually with the merger
 3 of Chase they kept their New York desk.
 4 Q The Chase desk?
 5 A So that's how I ended up coming
 6 back.
 7 Q Before you went to London, did
 8 you only trade gold?
 9 A I also did some silver, and on
 10 occasion platinum, palladium, but those were
 11 much more secondary to it.
 12 Q When you moved into options, did
 13 you do gold options?
 14 A I also did silver options at
 15 that point, too, (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 Q We are up to 2002. Did your job
 20 change after that point?
 21 A So pretty much from that point
 22 until now I still run the options trading
 23 book. And then in 2005 I think it was, I
 24 may be off by a year or so, but I think it
 25 was 2005, I was also put in charge of the

1 Nowak
 2 global trading team for precious metals.
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 Q (b)(4) ?
 9 A So in New York there is myself,
 10 (b)(7)(C) (b)(7)(C) (b)(7)(C)
 11 and (b)(7)(C). And London it's (b)(7)(C)
 12 (b)(7)(C) (b)(7)(C) (b)(7)(C),
 13 (b)(7)(C) who I should note just joined
 14 us from (b)(7)(C) about a month ago, so he is
 15 brand new, and (b)(7)(C). And in
 16 Singapore it's (b)(7)(C) and (b)(7)(C)
 17 Q (b)(4)
 18 (b)(4)
 19 (b)(4) ?
 20 A So take away (b)(7)(C), he
 21 was not there. What part of 2008?
 22 Q Last half of 2008.
 23 A This was post the Bear Stearns
 24 merger?
 25 Q Yes.

1 Nowak
 2 A (b)(7)(C) and (b)(7)(C)
 3 were the new people that we acquired through
 4 Bear Stearns. (b)(7)(C) joined in I
 5 think 2005, and (b)(7)(C) at one point
 6 was in New York and moved to London in 2007,
 7 I think. Again, I'm not exactly sure, but
 8 something around there.
 9 Q We will go through them
 10 individually a little bit later.
 11 A Sure.
 12 Q What is the title of the
 13 business group that you actually are
 14 supervising right now?
 15 A Precious metals trading.
 16 Q Is that in a larger group?
 17 A We are part of commodities.
 18 Q (b)(4) ?
 19 A (b)(7)(C).
 20 Q Where is he located?
 21 A In London.
 22 Q (b)(4)
 23 (b)(4) ?
 24 A (b)(4).
 25 Q You still trade as well,

1 Nowak
 2 A So there was (b)(7)(C) who
 3 was on the desk, off the desk then on the
 4 desk. I think he was off the desk during
 5 that window, but I don't remember exactly
 6 what window when he was on the desk.
 7 Q What did he do during the time
 8 he was off the desk?
 9 A Mid office work, special
 10 projects for mid office. And then we had a
 11 junior guy named (b)(7)(C) who is
 12 basically a trading assistant. He was first
 13 job out of college, kind of booked trades,
 14 did kind of admin for me.
 15 Q What about before --
 16 A Also, (b)(7)(C) was also part
 17 of the team at that point, too.
 18 Q What about before the Bear
 19 Stearns merger, were there different people
 20 there at that time?
 21 A There was --
 22 Q Who did you acquire?
 23 A So who did we acquire in Bear
 24 Stearns?
 25 Q Yes.

1 Nowak
 2 correct?
 3 A Yes, that's correct, yes.
 4 Q (b)(4)
 5 (b)(4)
 6 A (b)(4)
 7 Q (b)(4)
 8 A (b)(4)
 9 Q (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 MR. RAISLER: (b)(4)
 13 (b)(4) ?
 14 MS. RYALL: (b)(4)
 15 (b)(4)
 16 A (b)(4)
 17 (b)(4) ?
 18 Q (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 A (b)(4)
 22 (b)(4)
 23 MR. RAISLER: (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4)?
 4 A (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q (b)(4)?
 8 A (b)(4)
 9 Q (b)(4)?
 10 A (b)(4)
 11 Q (b)(4)? (b)(4)
 12 (b)(4)?
 13 A (b)(4)
 14 (b)(4).
 15 Q (b)(4)
 16 (b)(4)?
 17 A (b)(4)
 18 (b)(4).
 19 Q (b)(4)
 20 (b)(4)?
 21 A (b)(4)
 22 Q (b)(4)?
 23 A is (b)(7)(C) (b)(7)(C)
 24 is (b)(4) MN is myself, (b)(4) is (b)(7)(C), and
 25 (b)(7)(C) is (b)(4).

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4)?
 6 A (b)(4)
 7 (b)(4).
 8 Q (b)(4)?
 9 A (b)(4)
 10 Q (b)(4)?
 11 A (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q (b)(4)?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 Q (b)(4)
 20 A (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4)?
 4 A (b)(4)
 5 Q (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 Q And are there also salespeople
 9 for precious metals?
 10 A Yes.
 11 Q (b)(4)?
 12 A (b)(4).
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 Q You call them marketers,
 17 correct?
 18 A Yes. (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 Q (b)(4)?
 25 A (b)(4)

1 Nowak
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 4 Q (b)(4)
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 11 Q (b)(4)?
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 18 (b)(4)
 19 Q (b)(4)?
 20 A (b)(4)
 21 Q (b)(4)
 22 (b)(4)?
 23 A (b)(4)
 24 Q (b)(4)
 25 (b)(4)?

1 Nowak
 2 A (b)(4)
 3 MS. RYALL: (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 Q (b)(4)
 11 A (b)(4)
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 14 (b)(4)
 15 Q (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 Q (b)(4)
 20 (b)(4) ?
 21 A (b)(4)
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 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 A (b)(4)
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 5 (b)(4)
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 8 (b)(4)
 9 (b)(4)
 10 (b)(4) (b)(7)(C)
 11 (b)(4)
 12 Q (b)(4) ?
 13 A (b)(4)
 14 Q (b)(4) is (b)(7)(C) ?
 15 A (b)(4) is (b)(7)(C) (b)(4)
 16 (b)(4) (b)(7)(C) (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 Q (b)(4) (b)(7)(C) ?
 19 A (b)(4)
 20 (b)(4) (b)(4) (b)(7)(C) (b)(4) (b)(4)
 21 (b)(4) (b)(7)(C) (b)(4)
 22 (b)(4)
 23 (b)(4) (b)(4) (b)(7)(C) (b)(7)(C)
 24 (b)(7)(C) (b)(4)
 25 (b)(4)

1 Nowak
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 4 Q (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
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 10 Q (b)(4)
 11 (b)(4) ?
 12 A (b)(4)
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 14 Q (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 Q (b)(4)
 18 A (b)(4)
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 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
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 6 Q (b)(4)
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 8 (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
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 12 Q (b)(4)
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 14 A (b)(4)
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 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20 Q (b)(4) ?
 21 A (b)(4)
 22 Q (b)(4)
 23 (b)(4)
 24 A (b)(4)
 25 Q (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q Do you also have analysts and
 8 clerks that help out the traders?
 9 A Usually it's the -- no, there is
 10 not a separate person, no. (b)(4)
 11 (b)(4) (b)(7)(C) (b)(4)
 12 (b)(4) (b)(7)(C) and
 13 (b)(7)(C) (b)(4)
 14 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C)
 15 (b)(7)(C)
 16 Q (b)(7)(C) left at some time
 17 to go do back office?
 18 A First it was (b)(7)(C), and
 19 then this was (b)(7)(C) and (b)(7)(C)
 20 (b)(7)(C) together, then (b)(7)(C) left,
 21 and then (b)(7)(C) left to go become an
 22 actor, and (b)(7)(C) came back.
 23 Q Was (b)(7)(C) in training with
 24 (b)(7)(C)?
 25 A No. (b)(7)(C) is older than

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 MS. RYALL: (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18 Q (b)(4)
 19 (b)(4)?
 20 A (b)(4)
 21 Q (b)(4) ?
 22 A (b)(4)
 23 Q (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(7)(C)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7 (b)(4) (b)(7)(C)
 8 (b)(7)(C) (b)(4) (b)(7)(C)
 9 (b)(7)(C)
 10 Q (b)(4)
 11 (b)(4) ?
 12 A (b)(4)
 13 Q (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(7)(C) in London, and
 19 then (b)(7)(C).
 20 Q (b)(4) ?
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C)
 4 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C)
 5 (b)(7)(C) (b)(7)(C) (b)(4) (b)(7)(C)
 6 (b)(4)
 7 (b)(4)
 8 Q (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 Q (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 Q (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 Q (b)(7)(C) works in London?

1 Nowak
 2 A Yes.
 3 Q Is he a precious metals trader?
 4 A He was. Now he is a proprietary
 5 trader.
 6 Q (b)(4)?
 7 A (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 Q (b)(4)
 11 (b)(4)?
 12 A (b)(4)?
 13 Q (b)(4)
 14 A (b)(4)
 15 Q (b)(4)?
 16 A (b)(4)
 17 (b)(4)
 18 Q (b)(4)
 19 (b)(4)?
 20 A (b)(4)
 21 Q (b)(4)?
 22 A (b)(4)
 23 MS. RYALL: (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 usually for a two-way price where they could
 3 either buy it or sell it, and we will take
 4 the other side of that trade and do our best
 5 to work out of the risk and hopefully make
 6 money in the process.
 7 Q How do you go about doing away
 8 with the risk?
 9 A We will hedge it either on the
 10 futures exchange or over the counter
 11 markets.
 12 Q Who are the clients that are
 13 coming to you for market making?
 14 A We have mining companies, we
 15 have central banks, we have hedge funds, and
 16 we have just general corporate, you know,
 17 consume any one of the metals.
 18 Q When you say there are clients,
 19 what does that mean? Do they have an ISDA
 20 agreement with you guys? Do they do banking
 21 services with the rest of the bank?
 22 A I don't know what all the
 23 clients actually do to get set up. That's
 24 usually the salespeople. It's the
 25 salesperson's responsibility to make sure

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4)
 6 (b)(4)?
 7 A (b)(4) (b)(7)(C).
 8 Q (b)(4)?
 9 A (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4)
 15 (b)(4)?
 16 A (b)(4)
 17 Q So just on a sort of 10,000 foot
 18 level, what is the business of your metals
 19 group?
 20 A We make markets in gold, silver
 21 and platinum, palladium, spot forwards and
 22 options for our client base.
 23 Q What do you mean by make
 24 markets?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q So salespeople (b)(4)
 5 (b)(4)?
 6 A (b)(4)
 7 Q (b)(4)?
 8 A (b)(4)
 9 Q (b)(4)?
 10 A (b)(4)
 11 Q (b)(4)
 12 (b)(4)
 13 (b)(4)?
 14 A (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 Q (b)(4)
 23 (b)(4)
 24 (b)(4)?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4)?
 4 A (b)(4)
 5 (b)(4)
 6
 7
 8
 9 Q (b)(4)
 10 (b)(4)
 11 (b)(4)?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18
 19 Q (b)(4)
 20 (b)(4)
 21 (b)(4)?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4)?
 25 A (b)(4)

1 Nowak
 2 Q For spot?
 3 A Yes.
 4 Q Do they ever happen in New York?
 5 A It can, but the vast majority of
 6 it does not. That would be a non-standard
 7 delivery.
 8 Q I want to go through the roles
 9 of the various traders you have mentioned.
 10 A Sure.
 11 Q Let's start with Mr. (b)(7)(C)
 12 (b)(7)(C).
 13 A Yes.
 14 Q What is his role within the
 15 metals group?
 16 A He runs the forwards book out of
 17 New York. (b)(4)
 18 (b)(4)
 19
 20
 21 Q So he is in New York. So what
 22 are the hours that he's generally trading?
 23 A 6:45 a.m. to 4:00 p.m.
 24 Q Is that generally true for all
 25 of the New York traders?

1 Nowak
 2 (b)(4)
 3
 4
 5 Q When you say spot business, what
 6 do you mean by that?
 7 A Spot trading is just physical
 8 gold deliverable in two days. So it's the
 9 equivalent of trading actually euro price in
 10 the foreign exchange market or yen. It's
 11 the price of gold. Largely speaking if
 12 someone is looking at the price of gold
 13 that's what they're talking about, the spot
 14 price.
 15 Q Is there physical delivery
 16 though?
 17 A Yes.
 18 Q Physically in an accounting
 19 sense they are actually moving the gold?
 20 A Yes. (b)(4)
 21 (b)(4)
 22
 23
 24 Q Are those deliveries in London?
 25 A Correct.

1 Nowak
 2 A Give or take a half an hour.
 3 Q What about (b)(7)(C)?
 4 A He trades spot gold out of
 5 London, and the forwards gold out of London.
 6 Q You said Mr. (b)(7)(C) does
 7 silver and gold. Does he also do palladium
 8 and platinum?
 9 A No.
 10 EXAMINATION BY MR. SMITH:
 11 Q Any other metals?
 12 A His market making
 13 responsibilities are only in gold and
 14 silver.
 15 EXAMINATION BY MS. RYALL:
 16 Q Mr. (b)(7)(C) only does gold?
 17 A Only does gold, correct. Spot
 18 and forwards. So just to differentiate, he
 19 does spot trading which is not done by (b)(7)(C)
 20 (b)(7)(C).
 21 Q Just for the court reporter's
 22 assistance, (b)(7)(C) is (b)(7)(C)?
 23 A Yes.
 24 Q Let's go to (b)(7)(C).
 25 (b)(7)(C).

1 Nowak
 2 A Yes.
 3 Q What's his role?
 4 A (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q Can you describe for me how that
 8 works?
 9 A (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 Q Aren't some of the ETF prices
 17 off from the spot price anyway,
 18 administrative expenses, et cetera?
 19 A Correct. (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 Q Let's go to (b)(7)(C).
 3 A Okay. He is in Singapore, and
 4 he does a little bit of everything. So
 5 everything except spot gold and spot silver,
 6 so he does forwards, he does options, he
 7 does platinum and palladium, he does base
 8 metals, he does everything else.
 9 Q Why is it that he does a little
 10 bit of everything?
 11 A (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 Q What hours is he actually on
 17 duty?
 18 A He gets in around 6:00 p.m. New
 19 York time, which is 6:00 a.m. London time,
 20 and he usually leaves around 4 o'clock
 21 Singapore time.
 22 Q What time is that here?
 23 A So that's 4:00 a.m., that's
 24 9:00 a.m. London time, so he will overlap
 25 about an hour or so. I mean it depends on

1 Nowak
 2 A (b)(4)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q (b)(4)
 12 (b)(4)
 13 (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 Q (b)(4)
 19 (b)(4)
 20 (b) ?
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 the day.
 3 Q Does he trade on the New York
 4 exchanges?
 5 A He will trade on the electronic.
 6 Q GLOBEX?
 7 A (b)(4)
 8 EXAMINATION BY MR. HAYECK:
 9 Q Was he doing that in 2008?
 10 A In 2008, yes, we had electronic
 11 trading.
 12 Q Has anything changed about his
 13 responsibilities since 2008?
 14 A (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 EXAMINATION BY MS. RYALL:
 23 Q Did your group also trade on
 24 EBS?
 25 A (b)(4)

1 Nowak
 2 Q Who does that?
 3 A Any one of the spot traders, so
 4 (b)(7)(C), (b)(7)(C), (b)(7)(C), (b)(4)
 5 (b)(4)
 6
 7
 8 Q Let's go back to (b)(7)(C)
 9 (b)(7)(C). Was his position or duties any
 10 different in 2008?
 11 A No.
 12 Q How about (b)(7)(C)?
 13 A He was also doing silver spot
 14 forwards back then.
 15 Q What hours is he actually at
 16 work in the London office?
 17 A About 7:30 London time until
 18 5:30 London time.
 19 Q And Mr. (b)(7)(C), how was his
 20 position different in 2008 when he first
 21 came over from the merger?
 22 A Not materially different.
 23 Q Until present has it changed at
 24 all?
 25 A No.

1 Nowak
 2 York. After the merger I split the job, and
 3 he was only the silver trader, and (b)(4)
 4 (b)(4)
 5
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10 Q (b)(4)
 11 (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18
 19
 20
 21 Q (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24 Q (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 Q (b)(7)(C), what's his role?
 3 A Currently he's the head of
 4 global proprietary trading for commodities.
 5 Q (b)(4) ?
 6 A (b)(4)
 7 Q (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10
 11 Q So how is what they do different
 12 from what your group is doing?
 13 A (b)(4)
 14 (b)(4)
 15 Q (b)(7)(C), he is no
 16 longer with the firm?
 17 A That's correct.
 18 Q Do you recall when he left?
 19 A I think it was (b)(7)(C)
 20 Q What were his duties from 2008
 21 until when he left?
 22 A Prior to the Bear Stearns merger
 23 he was the spot gold and silver trader.
 24 Q For J.P. Morgan?
 25 A For J.P. Morgan, yes, in New

1 Nowak
 2 (b)(4)
 3
 4
 5 EXAMINATION BY MR. SMITH:
 6 Q (b)(4)
 7 (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13 EXAMINATION BY MS. RYALL:
 14 Q (b)(4)
 15 (b)(4)
 16
 17 (b)(4) ?
 18 A Can you explain that.
 19 Q Mr. (b)(7)(C) (b)(4)
 20 (b)(4) ?
 21
 22 A (b)(4)
 23 (b)(4)
 24 Q (b)(4) ?
 25 A (b)(7)(C) (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(7)(C); (b)(4)
 4 (b)(4); (b)(7)(C); (b)(4)
 5 (b)(4)
 6
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 EXAMINATION BY MR. SMITH:
 11 Q (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14 EXAMINATION BY MS. RYALL:
 15 Q (b)(4)
 16 (b)(4) Mr. (b)(7)(C)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22
 23
 24 Q (b)(4)
 25 Mr. (b)(7)(C) leaving in (b)(7)(C) ?

1 Nowak
 2 (b)(4); (b)(7)(C)
 3 (b)(7)(C); (b)(4); (b)(7)(C)
 4 (b)(4); (b)(7)(C)
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18 (b)(4); (b)(7)(C)
 19 (b)(4); (b)(7)(C); (b)(7)(C); (b)(4); (b)(7)(C)
 20 (b)(4); (b)(7)(C)
 21 (b)(4); (b)(7)(C); (b)(7)(C); (b)(4); (b)(7)(C)
 22 (b)(4); (b)(7)(C)
 23
 24
 25

1 Nowak
 2 A (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C)
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16 (b)(7)(C); (b)(4); (b)(7)(C)
 17 (b)(4); (b)(7)(C)
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5
 6
 7
 8 Q Was he (b)(4); (b)(7)(C) ?
 9 A (b)(4); (b)(7)(C)
 10 Q Who did the spot trading go to,
 11 (b)(7)(C) ?
 12 A No, it went to (b)(7)(C).
 13 Keep in mind they were both in New York.
 14 EXAMINATION BY MR. SMITH:
 15 Q (b)(4); (b)(7)(C) ?
 16 A (b)(4); (b)(7)(C)
 17 (b)(4); (b)(7)(C)
 18
 19 EXAMINATION BY MS. RYALL:
 20 Q (b)(4)
 21 (b)(4)
 22 (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 Q How would they communicate to
 10 the others?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15
 16 Q (b)(4)
 17 (b)(4)?
 18 A (b)(4)
 19 (b)(4)
 20 Q (b)(4) (b)(7)(C) 's (b)(4)
 21 (b)(4)?
 22 A (b)(4)
 23 MR. RAISLER: (b)(4)
 24 (b)(4) (b)(7)(C) (b)(4)
 25 (b)(4)?

1 Nowak
 2 you recall?
 3 A Knew who he was?
 4 Q Or were friendly with him.
 5 A (b)(7)(C).
 6 Q Who is he?
 7 A He was a trader on the prop
 8 desk.
 9 Q (b)(4)
 10 (b)(4)?
 11 A (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 Q (b)(4)
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21 Q (b)(4)?
 22 A (b)(4)
 23 Q (b)(4)?
 24 A (b)(4)
 25 Q (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)?
 4 Q (b)(4)
 5 (b)(4)?
 6 A (b)(4)
 7 (b)(4)
 8
 9
 10 Q (b)(4)
 11 (b)(4)?
 12 A (b)(4)
 13 Q Was he at some other location
 14 before the desk?
 15 A No.
 16 Q Do you recall what his
 17 background was before he came to J.P.
 18 Morgan?
 19 A He was a (b)(7)(C)
 20 (b)(7)(C) for a number of years. I don't know
 21 how many.
 22 Q In precious metals?
 23 A In precious metals, yes.
 24 Q Did anybody that was currently
 25 working there when he got hired know him, if

1 Nowak
 2 (b)(4)?
 3 A (b)(4)
 4 (b)(4)
 5
 6
 7 Q (b)(4)?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13 Q (b)(4)?
 14 A (b)(4)
 15 (b)(4)
 16 Q (b)(7)(C), what is his role?
 17 A He is the -- currently, now?
 18 Q Currently.
 19 A Gold and silver spot trader.
 20 Q What about in 2008?
 21 A Just the gold spot trader.
 22 Q I'm looking at Exhibit 2. You
 23 have (b)(7)(C), (b)(7)(C). (b)(7)(C)
 24 (b)(7)(C), (b)(7)(C) what was his role?
 25 A He is a salesperson that covers

1 Nowak
 2 hedge funds.
 3 Q For metals?
 4 A For metals.
 5 Q (b)(7)(C), (b)(7)(C)?
 6 A She is (b)(7)(C)'s assistant or
 7 junior.
 8 Q And (b)(7)(C)?
 9 A He is my assistant, trading
 10 assistant, junior.
 11 Q (b)(7)(C), we covered him.
 12 (b)(7)(C), (b)(7)(C)?
 13 A (b)(7)(C), her and (b)(7)(C), (b)(7)(C) is
 14 basically, he covers the mining, he is a
 15 marketer that covers mining companies, and
 16 she is his junior.
 17 Q Junior trader?
 18 A No. Salesperson, marketer.
 19 Q (b)(7)(C), (b)(7)(C)?
 20 A Yes.
 21 Q We talked about (b)(7)(C)
 22 earlier.
 23 A Yes. He was just a junior.
 24 Q For (b)(7)(C)?
 25 A No, for me.

1 Nowak
 2 Q In late '08?
 3 A Yes.
 4 Q You talked about (b)(7)(C).
 5 What about (b)(7)(C)? Is that
 6 (b)(7)(C)?
 7 A (b)(7) yes.
 8 Q What is his role?
 9 A He is the options trader in
 10 London.
 11 Q For which metals?
 12 A Just gold.
 13 Q And what about in 2008?
 14 A Same.
 15 Q (b)(7)?
 16 A (b)(7)(C). He is the
 17 silver options trader.
 18 Q What about in 2008?
 19 A The same.
 20 Q And (b)(7)(C)?
 21 A Also I should say in 2008 he was
 22 also --
 23 Q (b)(7)(C)?
 24 A (b)(7)(C) also did the PGM options.
 25 Q PGM is what?

1 Nowak
 2 A Platinum group metals, which is
 3 platinum and palladium.
 4 Q Options?
 5 A Options.
 6 Q (b)(7) is (b)(7)(C)?
 7 A Yes.
 8 Q On Exhibit 4?
 9 A Yes.
 10 Q What is his role currently? Is
 11 he still there?
 12 A Yes. He does, he does the PGM
 13 spot for options.
 14 Q Did he do that in 2008?
 15 A All except for the -- he and
 16 (b)(7)(C) worked together on the options part
 17 of it.
 18 Q (b)(7)?
 19 A (b)(7)(C), he just joined
 20 from (b)(7)(C) about a month ago.
 21 Q So you mentioned what each of
 22 the traders are actually trading. Do they
 23 also have specific authorizations for what
 24 they are allowed to trade?
 25 A (b)(4)?

1 Nowak
 2 Q (b)(4)
 3 A (b)(4)
 4 Q (b)(4)?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4)?
 8 A (b)(4)
 9 (b)(4)
 10 Q (b)(4)?
 11 A (b)(4)
 12 Q (b)(4)
 13 (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 Q (b)(4)
 17 (b)(4)
 18 (b)(4)?
 19 A (b)(4)
 20 Q Are the traders allowed to trade
 21 for someone else?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4).
 25 A (b)(4) (b)(7)(C) (b)(4)

1 Nowak
 2 (b)(4) ?
 3 Q (b)(4)
 4 A (b)(4)
 5 Q (b)(4) ?
 6 A (b)(4)
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11 Q (b)(4), are
 12 there other limits that are placed on the
 13 traders trading?
 14 A (b)(4)
 15 (b)(4)
 16 Q (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21 Q (b)(4)
 22 (b)(4) ?
 23 A (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 Q (b)(4)
 3 (b)(4)
 4
 5
 6 (b)(4) ?
 7 A (b)(4)
 8 (b)(4)
 9
 10 (b)(4) (b)(7)(C) (b)(4)
 11 (b)(4)
 12
 13
 14
 15
 16
 17 Q (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22 EXAMINATION BY MS. RYALL:
 23 Q What is that system?
 24 A (b)(4)
 25 EXAMINATION BY MR. HAYECK:

1 Nowak
 2 A (b)(4)
 3 Q (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6
 7
 8 Q (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
 11 EXAMINATION BY MR. HAYECK:
 12 Q (b)(4)
 13 (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18 Q (b)(4)
 19 (b)(4)
 20 (b)(4) ?
 21 A (b)(4)
 22 (b)(4)
 23 Q (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 Q (b)(4) ?
 7 A (b)(4)
 8 Q (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
 11 Q (b)(4)
 12 (b)(4)
 13
 14
 15 (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18
 19 EXAMINATION BY MS. RYALL:
 20 Q How soon after a trade or deal
 21 is done do you actually put information into
 22 (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 Q (b)(4)
 9 (b)(4)
 10 (b)?
 11 A (b)(4)
 12 (b)(4)
 13 Q (b)(4)?
 14 A (b)(4)
 15 Q (b)(4)
 16 Did you used to use (b)(4)?
 17 A (b)(4)
 18 Q (b)(4)?
 19 A (b)(4)
 20 Q (b)(4)?
 21 A (b)(4)
 22 (b)(4)
 23 Q (b)(4)
 24 (b)(4)
 25 (b)(4)?

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 A Sure, okay.
 5 EXAMINATION BY MR. SMITH:
 6 Q (b)(4)
 7 (b)(4)?
 8 A (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q (b)(4)
 12 (b)(4)
 13 (b)(4)?
 14 A (b)(4)
 15 EXAMINATION BY MS. RYALL:
 16 Q (b)(4)?
 17 A (b)(4)
 18 MR. SCHROEDER: We are talking
 19 today, we are not talking 2008?
 20 MS. RYALL: Yes.
 21 EXAMINATION BY MR. SMITH:
 22 Q (b)(4)
 23 (b)(4)
 24 (b)(4)?
 25 A (b)(4)

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 Q (b)(4)
 9 (b)(4)?
 10 A (b)(4)
 11 Q (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 Q (b)(4)
 17 (b)(4)?
 18 A (b)(4)
 19 Q How is that identified, by name
 20 or code or --
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 Q (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 EXAMINATION BY MS. RYALL:
 6 Q Who keeps track of (b)(4)
 7 (b)(4)?
 8 A (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q How do you go about doing that?
 12 A (b)(4)
 13 (b)(4)
 14 Q What is that called?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 Q Tell me how that works. (b)(4)
 19 (b)(4)
 20 (b)(4)?
 21 A (b)(4)?
 22 Q (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16 Q (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 Q (b)(4)
 10 (b)(4) ?
 11 A (b)(4)
 12 Q (b)(4) ?
 13 A (b)(4)
 14 Q (b)(4)
 15 (b)(4)
 16
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20 Q (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4)
 25 (b)(4) ?

1 Nowak
 2 (b)(4)
 3
 4
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 10
 11
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 21
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 24
 25

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4) (b)(7) (b)(4)
 9 (b)(4)
 10 Q (b)(4) ?
 11 A (b)(4)
 12 Q (b)(4) ?
 13 A (b)(4)
 14 Q (b)(4) ?
 15 A (b)(7)(C)
 16 Q (b)(4) ?
 17 A (b)(4)
 18 Q (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21 Q That makes sense. (b)(4)
 22 (b)(4) ?
 23 A (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 Q (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11 (b)(7)(C) (b)(4)
 12 (b)(4)
 13 (b)(7)(C) (b)(4)
 14 (b)(4)
 15 Q (b)(4) (b)(7)(C)
 16 (b)(7)(C)'s (b)(4) ?
 17 A (b)(4)
 18 Q (b)(4)
 19 (b)(4)
 20 (b)(4) ?
 21 A (b)(4)
 22 (b)(4)
 23
 24
 25

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
 7 Q (b)(4)
 8 (b)(4)
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13 Q (b)(4) ?
 14 A (b)(4)
 15 Q (b)(4)
 16 (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8 Q (b)(4)
 9 (b)(4)
 10 (b)(4) ?
 11 A (b)(4) (b)(7)(C) (b)(4)
 12 (b)(4)
 13 Q (b)(7)(C) ?
 14 A (b)(4)
 15 Q (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18 Q (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 Q (b)(4)
 22 (b)(4)
 23 (b)(4) ?
 24 A (b)(7)(C)
 25 Q What was he authorized to do?

1 Nowak
 2 Q So Mr. (b)(7)(C), (b)(4)
 3 (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 Q (b)(4) ?
 10 A (b)(4)
 11 Q And (b)(7)(C), (b)(4)
 12 (b)(4)
 13 (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19
 20 Q (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 EXAMINATION BY MR. SMITH:
 24 Q (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 Q (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 EXAMINATION BY MS. RYALL:
 10 Q (b)(4)
 11 (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 Q (b)(4)
 17 (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 Q (b)(4) ?
 21 A (b)(4)
 22 Q (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 Q Who determines that?
 6 A (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 Q (b)(4) ?
 10 A (b)(4)
 11 Q (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 Q (b)(4)
 22 (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 Q (b)(4) ?

1 Nowak
 2 Q How often do you do that?
 3 A (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 Q (b)(4)
 18 (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 Q (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 A (b)(4) ?
 3 Q (b)(4)
 4 A (b)(4)
 5 (b)(4)
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10 EXAMINATION BY MR. HAYECK:
 11 Q (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q In 2008 and 2009 (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9 EXAMINATION BY MS. RYALL:
 10 Q (b)(4)
 11 (b)(4)?
 12 A (b)(4)
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21 Q (b)(4), does
 22 that go by metal or products?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 A What do you mean?
 3 Q Now he is still in charge of
 4 global prop, and you're in charge of global
 5 metals, correct?
 6 A I am in charge of global
 7 precious metals trading, so global metals is
 8 a lot of other parts to it.
 9 Q So he is still in charge of
 10 other metals?
 11 A No, he is just in charge of
 12 proprietary trading right now.
 13 Q Who decides or determines the
 14 traders' compensation?
 15 A (b)(4)
 16 (b)(4)
 17 Q That's got two components to it,
 18 their yearly salary and then a bonus?
 19 A (b)(4)
 20 Q (b)(4)?
 21 A (b)(4)
 22 Q Who determines (b)(4)
 23 (b)(4)?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4 Q What about spot versus forwards?
 5 A (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4) do you generally do the hiring of the
 9 traders?
 10 A (b)(4)
 11 (b)(4)
 12
 13 Q (b)(4)?
 14 A (b)(4)
 15 Q (b)(4)?
 16 A (b)(4) (b)(7)(C).
 17 Q Who was it in 2008?
 18 A (b)(7)(C).
 19 Q In 2008 (b)(7)(C) was on the
 20 client side?
 21 A He was in charge of the global
 22 prop team, and he was in charge of the
 23 global metals team.
 24 Q Was there a reason that (b)(4)
 25 (b)(4)?

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 A (b)(4)
 5 (b)(4)
 6 Q What goes into the determination
 7 of (b)(4)?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19 Q What's the biggest component in
 20 that determination?
 21 A (b)(4)
 22 (b)(4)
 23 Q (b)(4)
 24 (b)(4)?
 25 A (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4) ? (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13
 14
 15 Q (b)(4) ? (b)(4)
 16 (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10 Q Did the traders ever consult
 11 with you about (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4) ?
 19 Q (b)(4)
 20 (b)(4) ?
 21 (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25 Q (b)(4)

1 Nowak
 2 A (b)(7)(C)
 3 Q (b)(4); (b)(7)(C) ?
 4 A (b)(4); (b)(7)(C)
 5 (b)(4); (b)(7)(C) (b)(6); (b)(6);
 6 (b)(4); (b)(7)(C)
 7 Q (b)(4); (b)(7)(C)
 8 (b)(4) ?
 9 A (b)(4)
 10 Q (b)(4); (b)(7)(C) ?
 11 A (b)(4); (b)(6); (b)(7)(C)
 12 (b)(6); (b)(7)(C) (b)(4); (b)(6); (b)(7)(C)
 13 (b)(6); (b)(4);
 14 Q (b)(4); (b)(7)(C) ?
 15 A (b)(7)(C)
 16 Q (b)(4); (b)(7)(C) ?
 17 A (b)(6); (b)(4); (b)(7)(C)
 18 Q (b)(4); (b)(7)(C)
 19 (b)(4); (b)(7)(C)
 20 (b)(4); (b)(7)(C) ?
 21 A (b)(4); (b)(7)(C)
 22 (b)(4); ?
 23 Q (b)(4);
 24 A (b)(4); (b)(7)(C)
 25 (b)(4); (b)(7)(C)

1 Nowak
 2 Q (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C) ?
 4 A (b)(4); (b)(7)(C); (b)(4); (b)(7)(C)
 5 (b)(4); (b)(7)(C) (b)(7)(C)
 6 (b)(4); (b)(7)(C)
 7 (b)(4); (b)(7)(C)
 8 Q Does Mr. (b)(7)(C) consistently
 9 produce the higher profits?
 10 A (b)(4)
 11 (b)(4)
 12
 13 Q I'm not sure how to phrase this,
 14 but how does his amount of profits compare
 15 to the other traders in the group?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20 Q (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 Q (b)(4)?
 3 A (b)(4)
 4 Q (b)(4)?
 5 A (b)(4)
 6 Q (b)(4)?
 7 A (b)(4)
 8 (b)(4)
 9 Q (b)(4)
 10 (b)(4)?
 11 A (b)(4)
 12 Q (b)(4); (b)(7)(C)
 13 (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C)?
 15 A (b)(4); (b)(7)(C)
 16 Q (b)(4); (b)(7)(C)
 17 (b)(4); (b)(7)(C)?
 18 A (b)(4); (b)(7)(C)
 19 Q (b)(4); (b)(7)(C)?
 20 A (b)(4); (b)(7)(C)
 21 (b)(4); (b)(7)(C)
 22 (b)(4); (b)(7)(C)
 23 Q (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C)?
 25 A (b)(4); (b)(7)(C)

1 Nowak
 2 record. I think Gene had a question to
 3 ask.
 4 EXAMINATION BY MR. SMITH:
 5 Q (b)(4)
 6 (b)(4)
 7 (b)(4) (b)(7)(C)
 8 (b)(4). What part
 9 of the business did those other products fit
 10 into or that trading fit into?
 11 A (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22 MR. RAISLER: (b)(4)
 23 (b)(4)
 24
 25 THE WITNESS: (b)(4)

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5
 6
 7
 8
 9 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C)
 11 Q (b)(4); (b)(7)(C)
 12 (b)(4); (b)(7)(C)?
 13 A (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C)
 15 Q (b)(4); (b)(7)(C)
 16 (b)(4); (b)(7)(C)?
 17 A (b)(4); (b)(7)(C)
 18 MR. RAISLER: Would this be a
 19 good time to take a short break?
 20 MS. RYALL: Yes. Go off the
 21 record for a break.
 22 (Whereupon, a recess was taken.)
 23 (Whereupon, Armand Nakkab left
 24 the deposition.)
 25 MS. RYALL: Let's go back on the

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 EXAMINATION BY MS. RYALL:
 8 Q (b)(4)?
 9 A (b)(4)
 10 Q (b)(4)
 11 (b)(4)?
 12 A (b)(4)
 13 (b)(4)
 14
 15 Q (b)(4)
 16 (b)(4)?
 17 A (b)(4)
 18 Q (b)(4)
 19 (b)(4)
 20 A (b)(4)
 21 Q I want to talk a little bit
 22 about training and compliance now.
 23 A Okay.
 24 Q Training, what kind of training
 25 did the traders go through if at all on a

1 Nowak
 2 regular basis?
 3 A (b)(4)
 4 (b)(4)
 5 Q (b)(4)?
 6 A (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 Q (b)(4)
 10 (b)(4)
 11 (b)(4)?
 12 A (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 Q (b)(4)
 16 (b)(4)
 17 (b)(4)?
 18 A (b)(4)
 19 (b)(4)
 20 Q (b)(4)?
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4)?
 8 A (b)(4)
 9 Q (b)(4)
 10 (b)(4)?
 11 A (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 Q (b)(4)
 19 (b)(4)?
 20 A (b)(4)
 21 (b)(4)
 22 Q Is there any kind of manual or
 23 compliance guide for traders specifically?
 24 A (b)(4)
 25 MS. RYALL: Actually, I want to

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 Q (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 (b)(b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 Q (b)(4)
 16 (b)(4) (b)(b)(4)?
 17 A (b)(4)
 18 (b)(4)
 19 (b)(4) (b)(b)(4)
 20 (b)(4)?
 21 Q (b)(4)
 22 (b)(4)?
 23 A (b)(4)
 24 (b)(4)
 25 Q (b)(4)

1 Nowak
 2 ask you about an exhibit. We will mark
 3 this as 5.
 4 (Three-page document was marked
 5 as Commission's Exhibit 5 for
 6 identification, as of this date.)
 7 Q I am handling you what's been
 8 marked as Exhibit 5. It is three pages.
 9 The first page is Bates marked with Bates
 10 number JPM-AG-CORP 00000005, and the
 11 subsequent pages are 6 and 7, if you can
 12 just take a couple of minutes to read
 13 through those.
 14 A This final thing, what is this?
 15 Q That's handwritten notes that
 16 came to us in a production with the prior
 17 two pages. I take it this is not your
 18 handwriting.
 19 A No. Okay.
 20 Q So the first e-mail has no "to"
 21 or "from" on it, but the second page, number
 22 six, has from Michael Nowak, you, to
 23 (b)(7)(C), (b)(7)(C), and (b)(7)(C)
 24 (b)(7)(C).
 25 A Yes.

1 Nowak
 2 Q And you have read through these
 3 three pages. Do you recall the
 4 circumstances (b)(4); (b)(7)(C)
 5 (b)(4); (b)(7)(C) ?
 6 A I recall this one, the middle
 7 sheet.
 8 Q The one from you?
 9 A (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C)
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24 (b)(4); (b)(7)(C) (b)(7)(C)
 25 (b)(7)(C) (b)(4); (b)(7)(C)

1 Nowak
 2 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C)
 4 (b)(4); (b)(7)(C)
 5 Q (b)(4); (b)(7)(C)
 6 (b)(4); (b)(7)(C) ?
 7 A (b)(4); (b)(7)(C)
 8 (b)(4); (b)(7)(C)
 9 Q (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C)
 11 (b)(4); (b)(7)(C)
 12
 13
 14
 15
 16
 17
 18
 19
 20 (b)(4); (b)(7)(C) (b)(7)(C) (b)(4); (b)(7)(C)
 21 (b)(4); (b)(7)(C)
 22
 23
 24
 25 (b)(4); (b)(7)(C). This

1 Nowak
 2 (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 4 (b)(4); (b)(7)(C)
 5
 6
 7 (b)(7)(C) (b)(4); (b)(7)(C)
 8 (b)(3); 7 U.S.C. §12 (CEA); (b)(4); (b)(7)(C)
 9
 10
 11
 12
 13
 14
 15 Q (b)(4); (b)(7)(C) ?
 16 A (b)(4); (b)(7)(C)
 17 Q (b)(4); (b)(7)(C)
 18 (b)(4); (b)(7)(C)
 19 A Yes.
 20 Q And it says, (b)(4); (b)(7)(C)
 21 (b)(4); (b)(7)(C)
 22 (b)(4); (b)(7)(C)
 23 A (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C)
 25 (b)(4); (b)(7)(C) (b)(7)(C) (b)(4); (b)(7)(C)

1 Nowak
 2 is definitely not my handwriting.
 3 Q The last page is the handwritten
 4 notes marked with Bates 7, and at the top it
 5 says, (b)(7)(C) on (b)(7)(C) (b)(4)."
 6 A (b)(4);
 7 Q (b)(4); (b)(7)(C)
 8 (b)(4); ?
 9 A (b)(4);
 10 Q (b)(4); (b)(7)(C)
 11 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 12 (b)(7) ?
 13 A (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C) (b)(7)(C) (b)(4); (b)(7)(C)
 15 (b)(4); (b)(7)(C)
 16 (b)(4); (b)(7)(C) (b)(7)(C) (b)(4);
 17 Q (b)(4); (b)(7)(C)
 18 (b)(4); (b)(7)(C)
 19
 20
 21 A (b)(4); (b)(7)(C)
 22 Q (b)(4); (b)(7)(C) (b)(7)
 23 (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C) ?
 25 A (b)(4); (b)(7)(C)

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5
 6
 7
 8
 9
 10 Q (b)(4); (b)(7)(C)
 11 (b)(4); (b)(7)(C)
 12 (b)(4); (b)(7)(C)
 13 (b)(7)(C)."
 14 (b)(4); (b)(7)(C)
 15 (b)(4); (b)(7)(C)
 16 (b)(4); (b)(7)(C) ?
 17 A (b)(4); (b)(7)(C)
 18 (b)(4); (b)(7)(C)
 19 Q (b)(4); (b)(7)(C)
 20 (b)(4); (b)(7)(C) (b)(7)(C),
 21 (b)(4); (b)(7)(C) ?
 22 A (b)(4);
 23 Q (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C) ?
 25 A (b)(4); (b)(7)(C)

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5 Q (b)(3); 7 U.S.C. §12 (CEA); (b)(4); (b)(7)(C)
 6 (b)(3); 7 U.S.C. §12 (CEA); (b)(4); (b)(7)(C)
 7
 8 Do you know what that's
 9 referring to?
 10 A (b)(4); (b)(7)(C)
 11 (b)(4); (b)(7)(C)
 12 Q (b)(3); 7 ... ?
 13 A (b)(4);
 14 Q (b)(4); (b)(7)(C)
 15 (b)(4); (b)(7)(C)
 16
 17 (b)(4); ?
 18 A (b)(4); (b)(7)(C)
 19 (b)(4); (b)(7)(C)
 20
 21 Q (b)(4); (b)(7)(C)
 22 (b)(4); (b)(7)(C)
 23
 24 (b)(4); (b)(7)(C) (b)(7)(C) "
 25 Do you know who that is referring to?

1 Nowak
 2 A (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C) (b)(7)(C) .
 4 Q (b)(4); (b)(7)(C)
 5 (b)(4); (b)(7)(C)
 6
 7
 8
 9
 10
 11 Do you recall what this is
 12 referring to?
 13 A (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C)
 15
 16 Q (b)(4); (b)(7)(C)
 17 (b)(4); (b)(7)(C)
 18
 19
 20
 21
 22
 23
 24
 25 (b)(4); (b)(7)(C) (b)(7)(C) (b)(4); (b)(7)(C)

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5 (b)(7)(C) (b)(4); (b)(7)(C) ?
 6 A (b)(4); (b)(7)(C)
 7 Q (b)(4); (b)(7)(C)
 8 (b)(4); (b)(7)(C) ?
 9 A (b)(4); (b)(7)(C) (b)(4);
 10 Q (b)(7)(C) (b)(4); ?
 11 A (b)(4);
 12 Q (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 13 (b)(4); ?
 14 A (b)(4); (b)(7)(C)
 15 (b)(4); (b)(7)(C)
 16 Q (b)(4); (b)(7)(C) ?
 17 A (b)(4);
 18 Q (b)(4); (b)(7)(C)
 19 (b)(4); ?
 20 A (b)(4); (b)(7)(C)
 21 (b)(4); (b)(7)(C)
 22
 23 (b)(4); (b)(4); (b)(4); (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C)
 25

1 Nowak
 2 (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 4 (b)(4); (b)(7)(C)
 5
 6 (b)(4); (b)(7)(C) (b)(7)(C) (b)(4); (b)(7)(C)
 7 (b)(4); (b)(7)(C)
 8
 9
 10 Q (b)(4); (b)(7)(C)
 11 (b)(7)(C) (b)(4); (b)(7)(C) ?
 12 A (b)(4);
 13 Q (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C)
 15
 16
 17 EXAMINATION BY MR. HAYECK:
 18 Q (b)(4) (b)(7)(C) (b)(4) ?
 19 A (b)(4) (b)(7) (b)(4)
 20 (b)(4)
 21 Q (b)(7)(C) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25 EXAMINATION BY MS. RYALL:

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5
 6
 7
 8 Q (b)(4); (b)(7)(C) ?
 9 A (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C)
 11
 12
 13
 14
 15 Q (b)(4); (b)(7)(C)
 16 (b)(4); (b)(7)(C)
 17 (b)(4); (b)(7)(C) ?
 18 A (b)(4);
 19 Q (b)(4); (b)(7)(C) ?
 20 A (b)(4); (b)(7)(C)
 21 Q (b)(4); (b)(7)(C)
 22 (b)(4); (b)(7)(C) ?
 23 A (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C)
 25

1 Nowak
 2 Q (b)(4); (b)(7)(C)
 3 (b)(4); ?
 4 A (b)(4)
 5 Q (b)(4); (b)(7)(C)
 6 (b)(4); (b)(7)(C)
 7 (b)(4); (b)(7)(C) ?
 8 A (b)(4); (b)(7)(C)
 9 (b)(4); (b)(7)(C)
 10
 11 Q (b)(4); (b)(7)(C) ?
 12 A (b)(4); (b)(7)(C)
 13 Q (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C)
 15
 16
 17
 18
 19 (b)(4); (b)(7)(C)
 20 (b)(4); (b)(7)(C) (b)(7)(C)
 21 (b)(4); (b)(7)(C) ?
 22 A (b)(4);
 23 Q (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C)
 25 A (b)(4); (b)(7)(C)

1 Nowak
 2 Q (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C) ?
 4 A (b)(4); (b)(7)(C)
 5 (b)(4); (b)(7)(C)
 6 EXAMINATION BY MR. HAYECK:
 7 Q (b)(4); (b)(7)(C) ?
 8 A (b)(4); (b)(7)(C)
 9 Q (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C)
 11
 12
 13 (b)(4); (b)(7)(C) ?
 14 A (b)(4); (b)(7)(C)
 15 (b)(4); (b)(7)(C)
 16
 17
 18
 19 Q (b)(4); (b)(7)(C)
 20 (b)(4); (b)(7)(C) ?
 21 A (b)(4); (b)(7)(C)
 22 (b)(4);
 23 Q (b)(4); (b)(7)(C)
 24 (b)(4); (b)(7)(C) ?
 25 A (b)(4); (b)(7)(C)

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12 Q (b)(4); (b)(7)(C)
 13 (b)(4); ?
 14 A (b)(4); (b)(7)(C)
 15 (b)(4); (b)(7)(C)
 16
 17
 18
 19
 20
 21
 22
 23
 24 Q (b)(4); (b)(7)(C)
 25 (b)(4); (b)(7)(C) ?

1 Nowak
 2 EXAMINATION BY MR. SMITH:
 3 Q (b)(4); (b)(7)(C)
 4 (b)(4); (b)(7)(C)
 5
 6
 7 (b)(4); (b)(7)(C) ?
 8 A (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 9 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C)
 11 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 12 (b)(4); (b)(7)(C)
 13
 14
 15 EXAMINATION BY MS. RYALL:
 16 Q (b)(4); is (b)(7)(C) ?
 17 A Sorry, (b)(7)(C).
 18 Q (b)(4); (b)(7)(C)
 19 (b)(4); (b)(7)(C) (b)(4); (b)(7)(C)
 20 (b)(4); (b)(7)(C)
 21 (b)(4); ?
 22 A (b)(4); (b)(7)(C)
 23 (b)(4); (b)(7)(C)
 24
 25 Q (b)(4); (b)(7)(C)

1 Nowak
 2 A Yes.
 3 EXAMINATION BY MS. RYALL:
 4 Q (b)(4); (b)(7)(C)
 5 (b)(4); (b)(7)(C) (b)(7)(C) (b)(4); (b)(7)(C)
 6 (b)(4); ?
 7 A (b)(4); (b)(7)(C)
 8 (b)(4);
 9 Q (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C) (b)(7)(C) ?
 11 A (b)(4);
 12 Q (b)(4); (b)(7)(C)
 13 (b)(4); (b)(7)(C) ?
 14 A (b)(4); (b)(7)(C)
 15 (b)(4); (b)(7)(C)
 16
 17
 18
 19
 20 Q (b)(4); (b)(7)(C)
 21 (b)(4); (b)(7)(C) ?
 22 A (b)(4); (b)(7)(C)
 23 (b)(4); (b)(7)(C)
 24
 25

1 Nowak
 2 (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C) ?
 4 A (b)(4); (b)(7)(C)
 5 (b)(4); (b)(7)(C)
 6
 7
 8
 9
 10
 11 Q (b)(4); (b)(7)(C)
 12 (b)(4); (b)(7)(C) ?
 13 A (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C)
 15
 16
 17
 18 Q (b)(4); (b)(7)(C) ?
 19 A (b)(4); (b)(7)(C)
 20 EXAMINATION BY MR. SMITH:
 21 Q (b)(7)(C) (b)(4); (b)(7)(C)
 22 (b)(4); (b)(7)(C) ?
 23 A (b)(4);
 24 Q (b)(4); (b)(7)(C)
 25 (b)(4); (b)(7)(C) ?

1 Nowak
 2 A (b)(4); (b)(7)(C)
 3 (b)(4); (b)(7)(C)
 4
 5
 6
 7
 8
 9
 10
 11
 12 EXAMINATION BY MS. RYALL:
 13 Q (b)(4)
 14 (b)(4)
 15
 16 (b)(4) ?
 17 A (b)(4)
 18 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C)
 19 (b)(4)
 20
 21
 22
 23 Q (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7
 8
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 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20 Q (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5 Q (b)(4)
 6 (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21 Q (b)(4)
 22 (b)(4) ?
 23 A (b)(4)
 24 Q (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 MR. RAISLER: (b)(4)
 7 (b)(4)
 8 MS. RYALL: (b)(4)
 9 (b)(4)
 10 EXAMINATION BY MR. SMITH:
 11 Q (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 EXAMINATION BY MS. RYALL:
 16 Q Do you have any professional
 17 licenses, like a Series 7 or Series 3?
 18 A I don't, no.
 19 Q Now I want to start getting into
 20 the tough part, just the trading strategies.
 21 A Okay.
 22 Q And I guess my first question is
 23 is there an overall trading strategy for the
 24 whole group, or is it broken down by
 25 portfolio or by trader?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 Q Does each portfolio have a
 10 specific strategy that's done in that
 11 portfolio?
 12 A (b)(4)
 13 (b)(4)
 14 Q Who is involved in determining
 15 the strategies that the traders can use?
 16 A (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 Q Do they have to come to you and
 22 say, "I'm going to do this? Is it okay?"
 23 A (b)(4)
 24 (b)(4)
 25 Q (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4)?
 5 A Spot trade, yes.
 6 MR. RAISLER: (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 MS. RYALL: (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 MR. RAISLER: (b)(4)
 21 THE WITNESS: (b)(4)
 22 (b)(4)?
 23 MS. RYALL: (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)?
 3 A (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 Q (b)(4)
 11 (b)(4)
 12 (b)(4)?
 13 A (b)(4)
 14 Q So for silver, can you describe
 15 for me what strategies are generally used
 16 for silver among the traders?
 17 A (b)(4)
 18 (b)(4)
 19 (b)(4) (b)(7)(C) (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 THE WITNESS: (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 MR. RAISLER: (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 A (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 Q (b)(4)?
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4) (b)(7)(C) (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11 Q (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 Q (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 Q (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18 Q (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 A (b)(4)
 22 Q (b)(4) ?
 23 A (b)(4)
 24 Q (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6
 7
 8 (b)(4) (b)(7)(C)
 9 (b)(4)
 10
 11
 12
 13
 14
 15 Q (b)(4)
 16 (b)(4) ?
 17 A (b)(4)
 18 Q What does the basis point
 19 correspond to?
 20 A A basis point is one
 21 one-thousandth of a percent. Wait, one
 22 one-hundredth of a percent.
 23 Q 1001, right?
 24 A .0001.
 25 Q (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4) ?
 4 A (b)(4)
 5 Q (b)(4)
 6 (b)(4) ?
 7 A (b)(4)
 8 (b)(4)
 9 Q (b)(4) Mr. (b)(7)(C)
 10 (b)(4) ?
 11 A (b)(4)
 12 Q (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 Q (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18
 19
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 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q (b)(4)
 7 (b)(4)
 8
 9
 10 (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15 Q (b)(4)
 16 (b)(4)
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22
 23 Q (b)(4) ?
 24 A (b)(4)
 25 Q (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6 Q (b)(4)
 7 (b)(4)
 8
 9
 10
 11 (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23 Q (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(4)
 3
 4 (b)(4) ?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4)
 8
 9 (b)(4) ?
 10 A (b)(4)
 11 Q (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18 Q (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 Q (b)(4) ?
 6 A (b)(4)
 7 Q (b)(4)
 8 (b)(4)
 9
 10 (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 Q (b)(4)
 20 (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4)
 25 (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 Q (b)(4)
 4 (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 Q (b)(4)?
 17 A (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4) (b)(7)(C)
 19 (b)(4)
 20 Q (b)(4)?
 21 A (b)(4)
 22 Q (b)(4)
 23 (b)(4)?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 (b)(4)?
 7 A (b)(4)
 8 (b)(4)
 9
 10
 11
 12 Q (b)(4)
 13 (b)(4)
 14
 15 A (b)(4)
 16 Q (b)(4)
 17 (b)(4)
 18
 19 (b)(4)?
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25

1 Nowak
 2 Q (b)(4)
 3 (b)(4)
 4 (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25 Q (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22 EXAMINATION BY MR. HAYECK:
 23 Q (b)(4)
 24 (b)(4)?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 EXAMINATION BY MS. RYALL:
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 Q I'm going to get into that
 11 later.
 12 A Okay.
 13 EXAMINATION BY MR. HAYECK:
 14 Q (b)(4)
 15 (b)(4)
 16
 17
 18 ?
 19 A (b)(4)
 20 Q (b)(4)
 21 (b)(4)
 22
 23
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 I'm confused.
 3 Q (b)(4)
 4 (b)(4)
 5
 6 A Okay.
 7 Q (b)(4)
 8 (b)(4)
 9
 10
 11
 12
 13 A (b)(4)
 14 (b)(4)
 15 Q (b)(4) ?
 16 A (b)(4)
 17 MR. RAISLER: (b)(4)
 18 (b)(4)
 19 THE WITNESS: (b)(4)
 20 (b)(4)
 21 EXAMINATION BY MR. HAYECK:
 22 Q (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14 Q (b)(4)
 15 (b)(4)
 16
 17
 18 (b)(4) ?
 19 A Say that one more time.
 20 MR. HAYECK: Can you read that
 21 back, please.
 22 (Whereupon, the record was read
 23 as requested.)
 24 A It's the first part of the
 25 question that in terms of (b)(4) -- I'm sorry,

1 Nowak
 2 (b)(4)
 3 (b)(4) ?
 4 A (b)(4)
 5 Q (b)(4)
 6 (b)(4)
 7
 8 A (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q (b)(4) ?
 12 A (b)(4)
 13 EXAMINATION BY MS. RYALL:
 14 Q (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22 Q (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 A (b)(4)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 EXAMINATION BY MR. SMITH:
 7 Q (b)(4)
 8 (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
 11 EXAMINATION BY MS. RYALL:
 12 Q (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 Q (b)(4)
 18 (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 (b)(4)
 22 Q (b)(4)
 23 (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 full amount, so like a fixed amount of money
 3 at expiry, whether you are above or below a
 4 strike. So it's not the right to buy gold
 5 at 1,200. If gold is above 1,200 you get an
 6 exact amount, say \$1 million, and if it's
 7 below you get nothing. So it's an all or
 8 nothing payout.
 9 Q You can do it the other way
 10 also?
 11 A Exactly.
 12 Q That sounds pretty risky.
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18 MS. RYALL: Why don't we break
 19 here. It's almost 1 o'clock, and then
 20 come back in an hour.
 21 MR. RAISLER: Sounds good.
 22 MS. RYALL: Off the record.
 23 (Whereupon, a luncheon recess
 24 was taken.)
 25

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4)
 6 (b)(4) ?
 7 A (b)(4)
 8 Q (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 Q If you can describe it in simple
 13 terms, what is that trade comprised of?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19
 20
 21
 22
 23
 24 Q What is a digital option?
 25 A It's an option that pays out a

1 Nowak
 2 MS. RYALL: Can you mark this as
 3 the next exhibit.
 4 (Letter was marked as
 5 Commission's Exhibit 6 for
 6 identification, as of this date.)
 7 MS. RYALL: Let's go back on the
 8 record.
 9 EXAMINATION BY MS. RYALL:
 10 Q Before we move on I just want to
 11 jump back to some personal details.
 12 Have you ever been known by any
 13 other name?
 14 A No.
 15 Q How do you pronounce your last
 16 name?
 17 A It's pronounced Nowak, but it's
 18 N-Q-W-A-K. It's Polish.
 19 Q What is your date of birth?
 20 A (b)(6); (b)(7)(C)
 21 Q What are the last four digits of
 22 your Social Security number?
 23 A (b)(6);
 24 Q Do you have a personal e-mail
 25 address?

1 Nowak
 2 A Yes.
 3 Q What is that? I'm not going to
 4 contact you. I just want to know what it
 5 is.
 6 A It's (b)(6); (b)(7)(C)
 7 (b)(6);
 8 Q What about personal phone
 9 numbers?
 10 A My cell phone is (b)(6); (b)(7)(C),
 11 and my home is (b)(6); (b)(7)(C).
 12 Q What is your residential address
 13 currently?
 14 A (b)(6); (b)(7)(C)
 15 (b)(6); (b)(7)(C)
 16
 17 Q (b)(6)?
 18 A (b)(6)
 19 Q How long have you lived there?
 20 A In that house since (b)(6);
 21 Q I want to talk about EFP's.
 22 A Okay.
 23 Q Do you know what an EFP is?
 24 A Yes.
 25 Q Describe it for me.

1 Nowak
 2 (b)(4)
 3
 4 Q (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12 Q (b)(4)
 13 (b)(4)?
 14 A (b)(4)
 15 (b)(4)
 16
 17 Q Who are the brokers that J.P.
 18 Morgan uses on the floor for metals?
 19 A (b)(4) is one.
 20 Q (b)(4)?
 21 A I don't know the spelling. I
 22 just hear it. (b)(4) is one. (b)(4)
 23 (b)(4)?
 24 Q (b)(4)
 25 A (b)(4) is another

1 Nowak
 2 A It's an exchange for physical.
 3 It's a type of swap where you exchange a
 4 futures contract for a spot trade in the
 5 same volume.
 6 Q What is the purpose of it? What
 7 is it used for generally?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13
 14 Q Functionally, how does it work?
 15 How do you execute it?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 one. (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4)?
 6 A (b)(4)
 7 (b)(4)
 8 Q What about individuals who work
 9 for those companies that are actually on the
 10 floor, do you know any of their names?
 11 A (b)(4)
 12 (b)(4)
 13 (b)(7)(C).
 14 Q (b)(4)
 15 (b)(4)?
 16 A (b)(4)
 17 (b)(4)
 18 Q Functionally, how does the spot
 19 part of the EFP happen?
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25

1 Nowak
 2 Q (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8 Q Are those confirmed on paper?
 9 A (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 Q How are the spot transactions
 16 confirmed?
 17 A (b)(4)
 18 (b)(4) ?
 19 Q (b)(4)
 20 (b)(4)
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 Q (b)(4) ?
 5 A (b)(4)
 6 Q For the forwards, are the terms
 7 pretty standard other than price and time
 8 period?
 9 A (b)(4)
 10 Q (b)(4)
 11 (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 Q Do you know of any document that
 18 actually sets forth what the terms are, or
 19 is it understood it's going to happen in two
 20 days?
 21 A (b)(4)
 22 (b)(4)
 23 Q (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q For forwards, how are those
 15 memorialized, if they are, on paper?
 16 A What do you mean?
 17 Q Confirmed.
 18 A (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q I have seen instant messages
 12 where someone will say (b)(4)
 13 (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16 Q I'm going to go to the next
 17 exhibit, which has been marked as No. 6. I
 18 will ask you to take a look at it. Take as
 19 much time as you need.
 20 MR. SCHROEDER: Do you have
 21 copies?
 22 MS. RYALL: Yes, I'm sorry.
 23 MR. SCHROEDER: Thank you.
 24 A Okay.
 25 Q So this is an exhibit that is

1 Nowak
 2 six pages. (b)(4)
 3 (b)(4)
 4 (b)(4) Have you seen this before?
 5 A (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 Q (b)(4)
 9 (b)(4)?
 10 A (b)(4)
 11 Q And you just read it, correct?
 12 A Yes.
 13 Q Is everything in there correct
 14 to your knowledge?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20 Q (b)(4)
 21 (b)(4)
 22 A Yes.
 23 Q I think we talked about a couple
 24 of these. (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10 Q (b)(4)
 11 (b)(4)
 12 (b)(4)?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17 Q (b)(4)
 18 (b)(4)
 19
 20 (b)(4)?
 21 A (b)(4)
 22 (b)(4)
 23
 24
 25

1 Nowak
 2 A (b)(4)
 3 Q (b)(4)?
 4 A (b)(4)
 5 Q (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 Q (b)(4)
 9 (b)(4)?
 10 A (b)(4)
 11 Q (b)(4)
 12 (b)(4)
 13
 14 (b)(4)?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21
 22
 23
 24 Q (b)(4)?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4 (b)(4) (b)(7)(C) (b)(4)
 5 (b)(4)
 6 (b)(4) (b)(7)(C) (b)(4)
 7 (b)(4)
 8 Q When you say (b)(7)(C), do you mean
 9 (b)(7)(C)?
 10 A (b)(7)(C), yes, correct. (b)(4)
 11 (b)(4)
 12
 13 Q (b)(4)
 14 (b)(4)
 15
 16
 17
 18 A (b)(4)
 19 (b)(7)(C) (b)(4)
 20 (b)(4)
 21
 22
 23 Q I want to talk a little bit
 24 about J.P. Morgan's metals business before
 25 the merger with Bear Stearns.

1 Nowak
 2 A Okay.
 3 Q How is what you are doing now or
 4 since 2008 different from what the business
 5 was before the merger?
 6 A In terms of the futures?
 7 Q The types of trades you're doing
 8 and the amount of your focus on one or the
 9 other.
 10 A (b)(4)
 11 (b)(4)
 12 Q (b)(4) ?
 13 A (b)(4)
 14 (b)(4) (b)(7)(C) (b)(4)
 15 (b)(4)
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22
 23
 24
 25 (b)(4) (b)(7)(C)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q Who was your main trader before
 7 the merger for silver and gold?
 8 A Spot or forwards?
 9 Q Start with spot.
 10 A In London it was (b)(7)(C)
 11 in New York it was (b)(7)(C).
 12 Q In forwards?
 13 A That was (b)(7)(C) in both
 14 time zones.
 15 Q (b)(4)
 16 (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 Q (b)(4)
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4 Q You mentioned earlier about all
 5 the exotic options. You don't have to
 6 necessarily describe them in detail, but can
 7 you tell me what those are?
 8 A Variance swaps, one touches,
 9 knock in options, knock out options, range
 10 binaries, volatility swaps, knock out
 11 forwards, dual and expiry digitals.
 12 Q Dual?
 13 A Dual, D-U-A-L.
 14 EXAMINATION BY MR. HAYECK:
 15 Q Could you give us if possible
 16 two sentences or less on each one.
 17 A Okay. Variant swap is a
 18 contract where a client either buys or sells
 19 where the realized volatility is against a
 20 certain strike. (b)(4)
 21 (b)(4)
 22
 23
 24
 25 (b)(4) A volatility swap is almost the same

1 Nowak
 2 thing, except volatility is a different
 3 formula. A knock in option is a call or put
 4 option that only knocks in if a certain spot
 5 level is traded. A knock out option is a
 6 call or a put option that only knocks in --
 7 knocks out if a certain spot level is
 8 triggered.
 9 EXAMINATION BY MS. RYALL:
 10 Q What does that mean, knock in or
 11 knock out?
 12 A Knock in means it actually -- a
 13 knock in option doesn't exist until the
 14 knock in level is touched. The knock out
 15 exists until the knock out level is touched.
 16 A range binary is an option that pays out, a
 17 spot remains within a certain range during a
 18 certain window of time. A dual at expiry
 19 digital is an option that will if two
 20 criteria are met, so commodity X is above a
 21 certain level and commodity Y is above a
 22 certain level, both of those criteria are
 23 met, it pays out a certain amount. Regular
 24 digital is just a simple one. If one, if
 25 one commodity is above or below a certain

1 Nowak
 2 barrier level you get paid a fixed amount.
 3 (b)(4)
 4 (b)(4) An accumulator is a
 5 trade where you will either buy or sell spot
 6 at a certain price as long as spot remains
 7 in a certain range.
 8 Q Is that accumulator?
 9 A An accumulator. Accumulator is
 10 the word.
 11 (b)(4)
 12 And then there is a basket option. That
 13 usually means you will purchase an option on
 14 three different commodities let's say, but
 15 only get paid out on the one that's the
 16 least performing. (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22
 23 (b)(4) And then I guess the last one is a
 24 correlation swap. That is just like a
 25 variant swap or volatility swap, but it's

1 Nowak
 2 A (b)(4)
 3 EXAMINATION BY MR. SMITH:
 4 Q (b)(4)
 5 (b)(4)
 6
 7 A (b)(4)
 8 Q (b)(4)?
 9 EXAMINATION BY MS. RYALL:
 10 Q (b)(4)
 11 (b)(4)?
 12 MR. RAISLER: (b)(4)
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20 EXAMINATION BY MR. SMITH:
 21 Q (b)(4)?
 22 A (b)(4)
 23 (b)(4)
 24 MS. RYALL: We will mark this as
 25 Exhibit 7, please.

1 Nowak
 2 not betting on the volatility of the market.
 3 It's betting on the correlation between two
 4 different markets. (b)(4)
 5 (b)(4)
 6
 7
 8
 9 Q (b)(4)
 10 (b)(4)?
 11 A (b)(4)
 12 Q (b)(4)?
 13 A (b)(7)(C) (b)(4)
 14 (b)(4)
 15
 16 (b)(4) (b)(7)(C)
 17 (b)(7)(C)
 18 Q (b)(4)?
 19 (b)(4)?
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25 Q (b)(4)?

1 Nowak
 2 (E-mail was marked as
 3 Commission's Exhibit 7 for
 4 identification, as of this date.)
 5 Q I am handing you what has been
 6 marked as Exhibit 7. Could you take a look
 7 at that. It's two pages, an e-mail (b)(4)
 8 (b)(4). The first page is Bates
 9 stamp JPM-AG 00157471.
 10 A Okay.
 11 Q I'm mostly going to focus on the
 12 second page, but the subject on the first
 13 page is, (b)(4)
 14 (b)(4)
 15
 16
 17 (b)(4)?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22 Q (b)(4)
 23 (b)(4)
 24
 25 (b)(4)?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 Q (b)(4)
 5 (b)(4)
 6
 7
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13
 14
 15
 16 Q So if you look at the second
 17 page of this exhibit, which is 157472, I
 18 pulled this (b)(4)
 19 (b)(4)
 20
 21
 22 A Okay.
 23 Q (b)(4)
 24 (b)(4)
 25 (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7 Q (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10 Q (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q (b)(4) ?
 15 A That's (b)(7)(C) (b)(4)
 16 (b)(4) (b)(7)(C)
 17 and (b)(7)(C)
 18 Q (b)(4) ?
 19 A (b)(4)
 20 Q (b)(4) ?
 21 A (b)(7)(C) (b)(4)
 22 it's (b)(7)(C) and (b)(7)(C) (b)(4)
 23 (b)(4)
 24
 25 Q (b)(7)(C) is the new guy

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13 Q (b)(4)
 14 (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 Q (b)(4)
 18 (b)(4) ?
 19 A (b)(4) (b)(7)(C)
 20 (b)(7)(C) and (b)(7)(C)
 21 Q (b)(4)
 22 (b)(4) ?
 23 A (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 from (b)(7)(C) ?
 3 A Yes.
 4 Q (b)(4) ?
 5 A (b)(4)
 6 (b)(4) (b)(7)(C)
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4) (b)(7)(C)
 16 (b)(4)
 17 Q (b)(4) (b)(7)(C) (b)(4) ?
 18 A (b)(4) (b)(7)(C) (b)(4)
 19 (b)(4)
 20 Q (b)(4) (b)(7)(C) ?
 21 A (b)(4)
 22 (b)(4) (b)(7)(C)
 23 for (b)(7)(C) (b)(4)
 24 Q (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5
 6
 7
 8 Q (b)(4) (b)(7)(b)(4) ?
 9 A (b)(4)
 10 (b)(4) (b)(7)(b)(4) (b)(7)(C)
 11 (b)(7)(C) (b)(4)
 12 (b)(4)
 13 Q (b)(4) ?
 14 A (b)(4)
 15 Q (b)(4) (b)(7)(b)(4) ?
 16 A (b)(4)
 17 Q (b)(4) ?
 18 A (b)(4)
 19 (b)(4) (b)(7)(C)
 20 (b)(7)(C)
 21 Q (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 Q (b)(4) ?
 8 A (b)(4)
 9 (b)(4) (b)(b)(4)
 10 Q (b)(4)
 11 (b) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17 Q (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21 Q (b)(4)
 22 (b)(4) (b)(7)(C) (b)(4) (b)(7)(C) (b)(4)
 23 (b)(7)(C) (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4 Q (b)(4) ?
 5 A (b)(4) (b)(7)(C)
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13
 14 Q (b)(4) ?
 15 A (b)(4)
 16 (b)(4)
 17 Q (b)(4) ?
 18 A That's (b)(7)(C)
 19 Q (b)(4) ?
 20 A (b)(7)(C)
 21 Q (b)(4) ?
 22 A (b)(7)(C) and (b)(7)(C)
 23 Q (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6
 7
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 9
 10
 11
 12
 13
 14
 15
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22
 23
 24 Q (b)(4)
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
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 9 Q (b)(4)
 10 (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16 Q (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22 Q (b)(4)
 23 (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4 (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14 Q Are there specific trades or
 15 strategies that are associated with
 16 individual books?
 17 A (b)(4)
 18 (b)(4)
 19 Q (b)(4)
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25

1 Nowak
 2 Q (b)(4)
 3 (b)(4)
 4 A (b)(4)
 5 (b)(4)
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 7
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 14
 15
 16
 17
 18 Q (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 Q (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25 Q (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 Q (b)(4)
 10 (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15 Q (b)(4)
 16 (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22 Q (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
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 9
 10
 11
 12
 13
 14
 15 Q (b)(4)
 16 (b)(4)
 17 (b)(4) ?
 18 A (b)(4) (b)(7)(C) (b)(4)
 19 (b)(4)
 20
 21
 22
 23
 24
 25 Q (b)(4)

1 Nowak
 2 (b)(4)
 3
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 24
 25

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5
 6
 7
 8 Q (b)(4)
 9 (b)(4)
 10 (b)(4) ?
 11 A (b)(4)
 12 Q (b)(4)
 13 (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 Q (b)(4) ?
 11 A (b)(4)
 12 Q We are finished with that
 13 exhibit.
 14 I want to talk a little bit
 15 about (b)(4)
 16 (b)(4)
 17 A Okay.
 18 Q (b)(4)
 19 (b)(4)
 20
 21
 22 (b)(4) ?
 23 A (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4
 5
 6 MR. RAISLER: (b)(3):7 U.S.C. §12 (CEA);
 7 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 8
 9
 10 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 11 MS. RYALL: (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 12 (b)(4)
 13 MR. RAISLER: (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 15 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 16 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17
 18 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20
 21 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 22 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 (b)(4) (b)(7)(C)
 7 (b)(4)
 8
 9
 10
 11
 12 Q (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20
 21
 22 Q (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 A (b)(4)

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7 Q (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10 (b)(4) (b)(7)(C)
 11 (b)(7)(C) (b)(4)
 12 (b)(4)
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19 (b)(4) (b)(7)(C)
 20 (b)(4)
 21 Q (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 Q (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 Q (b)(4)
 6 (b)(4)
 7 (b)(4) ?
 8 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10
 11
 12
 13
 14 MS. RYALL: Let's mark this as
 15 Exhibit 8, please.
 16 (E-mail chain was marked as
 17 Commission's Exhibit 8 for
 18 identification, as of this date.)
 19 Q If you can take a look at this
 20 chain of e-mails.
 21 A Okay.
 22 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24
 25 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?

1 Nowak
 2 A (b)(3):
 3 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 5 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15 Q If you look at Exhibit 8, which
 16 is a chain of e-mails dated August 28, 2009.
 17 A Yes.
 18 Q The first page is Bates stamped
 19 number JPM-AG-UK 00212328. Have you read
 20 through that?
 21 A Yes.
 22 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 25 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 MR. RAISLER: (b)(3):7 U.S.C. §12
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6
 7
 8
 9
 10
 11 THE WITNESS: (b)(3):7 U.S.C. §12
 12 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13
 14 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 15 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 16 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 18 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 19 A (b)(3):
 20 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 21 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 22 (b)(3):7 U.S.C. §12 (b)(7) (b)(3):7 U.S.C. §12 (CEA);
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24
 25 A (b)(3)

1 Nowak
 2 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 4 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6
 7
 8
 9 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 11 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 12 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C) (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 15
 16
 17
 18
 19
 20
 21
 22 Q And (b)(7)(C) is (b)(7)(C) ?
 23 A (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 Q (b)(3):7 U.S.C. §12 (CEA); ?
 3 A (b)(3):7 U.S.C. §12 (CEA);
 4 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5 EXAMINATION BY MR. HAYECK:
 6 Q (b)(4)
 7 (b)(4)
 8
 9 (b)(4) ?
 10 A (b)(4)
 11 (b)(4)
 12
 13
 14
 15
 16
 17 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 18 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 19 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 21 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 23 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?

1 Nowak
 2 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3):7 U.S.C. §12 (CEA);
 4 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6
 7
 8 (b)(3)?
 9 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11
 12
 13 EXAMINATION BY MS. RYALL:
 14 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 15 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 16
 17 A (b)(3):7
 18 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3):7 U.S.C. §12 ?
 21 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23
 24
 25 MS. RYALL: Can we mark this as

1 Nowak
 2 (b)(4) ?
 3 A Can you ask that again, please.
 4 Q (b)(4)
 5 (b)(4)
 6
 7 (b)(4) ?
 8 A (b)(4) ?
 9 Q (b)(4)
 10 A (b)(4)
 11 Q (b)(4)
 12 A (b)(4)
 13 (b)(4)
 14 (b)(4) ?
 15 Q (b)(4)
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22 Q (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 the next exhibit, Exhibit 9.
 3 (E-mail was marked as
 4 Commission's Exhibit 9 for
 5 identification, as of this date.)
 6 MS. RYALL: Let's go off the
 7 record.
 8 (Whereupon, a recess was taken.)
 9 MS. RYALL: Back on the record.
 10 Q I want to backtrack for a
 11 minute.
 12 A Okay.
 13 Q (b)(4)
 14 (b)(4)
 15
 16
 17 (b)(4) ?
 18 A (b)(4)
 19 Q (b)(4)
 20 (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 Q I'm going to hand you what has
 3 been marked Exhibit 9.
 4 A Okay. What was the date of the
 5 previous e-mail we just looked at?
 6 Q August 28th of 2009.
 7 A I'm just trying to put that in
 8 context with that.
 9 Q Here's Exhibit 8.
 10 A This is the 28th, and this is
 11 February 5th. Okay, thank you.
 12 Q Did you have a chance to read
 13 through that e-mail?
 14 A I'm looking right now.
 15 MR. SCHROEDER: This is 9 you
 16 said?
 17 MS. RYALL: Yes.
 18 A Okay.
 19 Q This is a one-page exhibit, and
 20 it's an e-mail exchange dated February 5,
 21 2010. The Bates number is JPM-AG 00177274,
 22 and you have had a chance to read this?
 23 A Yes.
 24 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 3 A (b)(3);7
 4 Q (b)(4)
 5 (b)(4)
 6 (b)(4) ?
 7 A (b)(4)
 8 Q (b)(4)
 9 (b)(4)
 10
 11
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 Q (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22
 23
 24
 25 Q So in the top e-mail from (b)(7)(C)

1 Nowak
 2 read over that?
 3 A Yes.
 4 Q This e-mail (b)(4)
 5 (b)(4)
 6 (b)(4) (b)(7)(C)
 7 A (b)(4)
 8 Q (b)(4)
 9 (b)(4)
 10
 11 (b)(4) ?
 12 A (b)(4)
 13 Q (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21 (b)(4) (b)(7)(C) (b)(4)
 22 (b)(4)
 23
 24 (b)(4) (b)(7)(C)
 25 (b)(7)(C) (b)(4)

1 Nowak
 2 (b)(7)(C) (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 4
 5
 6 (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?
 7 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 8 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 9
 10
 11
 12 MS. RYALL: We will mark this as
 13 No. 10, please.
 14 (E-mail was marked as
 15 Commission's Exhibit 10 for
 16 identification, as of this date.)
 17 Q I am handing you Exhibit 10, if
 18 you can take a look through that.
 19 A Okay.
 20 Q This is a one-page exhibit dated
 21 January 4, 2010. It's an e-mail from you to
 22 a group of people at J.P. Morgan, and the
 23 Bates number at the bottom right-hand corner
 24 is JPM-AG 00168975.
 25 And you have had a chance to

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q (b)(4)
 7 (b)(4)
 8
 9 A (b)(4)
 10 Q (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15 (b)(4) (b)(7)(C)
 16 (b)(7)(C) (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22 Q Now, this e-mail (b)(3);7 U.S.C. §12
 23 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 24
 25

1 Nowak
 2 A (b)(3):
 3 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5
 6
 7 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 8 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10
 11
 12
 13
 14
 15
 16
 17
 18 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 19 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 20 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 21 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 24 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 Q Is that something (b)(7) would be
 3 able to talk about?
 4 A (b)(4)
 5 EXAMINATION BY MR. HAYECK:
 6 Q (b)(4)
 7 (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 Q (b)(4)
 11 (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18 MR. HAYECK: Thank you.
 19 MS. RYALL: I think we are up to
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C)
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4
 5
 6
 7 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 8 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 9 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 10 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11 (b)(3) ?
 12 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 15
 16
 17
 18
 19
 20 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 21 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 22
 23
 24 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 25 A (b)(3):

1 Nowak
 2 No. 11. Let's mark this as No. 11.
 3 (Document was marked as
 4 Commission's Exhibit 11 for
 5 identification, as of this date.)
 6 Q I am handing you Exhibit 11, if
 7 you can take a look through that.
 8 A Okay.
 9 Q This is a one-page exhibit.
 10 It's an e-mail from (b)(7)(C)
 11 to you dated November 3, 2008. The bottom
 12 right-hand corner has the Bates number
 13 JPM-AG 00244311. And you have had a chance
 14 to read through this?
 15 A Yes.
 16 Q (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22 (b)(4) (b)(7)(C) (b)(4)
 23 (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4 Q (b)(4) ?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13 Q (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21
 22
 23 Q (b)(4) ?
 24 A (b)(4)
 25 Q (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15 Q (b)(4)
 16 (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 Q (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8
 9 Q (b)(4)
 10 (b)(4) Mr.
 11 (b)(7)(C) (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15 Q Where is that?
 16 A (b)(4)
 17 (b)(7) (b)(4)
 18 (b)(4)
 19
 20 Q (b)(4)
 21 (b)(4)
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22 Q (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5 (b)(4) (b)(7)(b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21 Q (b)(4)
 22 (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5 MS. RYALL: Let's mark this as
 6 number 12.
 7 (E-mail string was marked as
 8 Commission's Exhibit 12 for
 9 identification, as of this date.)
 10 Q I am handing you Exhibit 12, if
 11 you can take a look at that.
 12 A Okay.
 13 Q Are you ready?
 14 A Yes.
 15 Q This is a one-page exhibit.
 16 It's an e-mail chain, and the top is from
 17 you, Michael Nowak, dated August 5, 2009, to
 18 (b)(7)(C). The bottom right-hand
 19 corner is the Bates number JPM-AG 00267490.
 20 At the bottom (b)(7) writes an e-mail to (b)(7)(C)
 21 (b)(7)(C) and you saying, (b)(3):7 U.S.C. §12
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5 Q (b)(4) ?
 6 A (b)(4)
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 Q (b)(4)
 11 (b)(4)
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16 Q (b)(4) ?
 17 A (b)(4)
 18 Q (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 Q (b)(4)
 22 (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(3):7 U.S.C. §12 ?
 3 A (b)(4)
 4 Q (b)(4) ?
 5 A (b)(4)
 6 Q (b)(4)
 7 (b)(4) (b)(7)(b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13
 14
 15
 16
 17
 18
 19 (b)(4) (b)(7)(b)(4)
 20 (b)(4) (b)(7)(b)(4)
 21 (b)(4)
 22
 23 Q (b)(4)
 24 (b)(4)
 25 (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18 (b)(4) (b)(7)(C), (b)(7)(C) (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4) (b)(4) (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 Q You don't do silver options
 17 either?
 18 A No. That's what (b)(7)(C)
 19 does. He has been doing it for a long time.
 20 He also inherited silver spot. (b)(4)
 21 (b)(4)
 22 Q What do you focus on now then
 23 yourself, gold?
 24 A Gold options, yes.
 25 Q Platinum and palladium?

1 Nowak
 2 A That's (b)(7)(C)
 3 Q You're just gold?
 4 A Yes.
 5 Q The rest of your testimony will
 6 be interpreting documents.
 7 A You're going to hear a lot of my
 8 terrible sense of humor.
 9 EXAMINATION BY MR. HAYECK:
 10 Q (b)(4) (b)(7) (b)(4)
 11 (b)(4) ?
 12 A (b)(4)
 13 Q (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 Q (b)(4)
 19 (b)(4) (b)(4) (b)(4) ?
 20 A Or (b)(7) (b)(4)
 21 (b)(4) (b)(4)
 22 (b)(4)
 23 MS. RYALL: Can you mark this as
 24 number 13, please.
 25 (E-mail string was marked as

1 Nowak
 2 Commission's Exhibit 13 for
 3 identification, as of this date.)
 4 THE WITNESS: Okay.
 5 EXAMINATION BY MS. RYALL:
 6 Q This is a four-page exhibit.
 7 It's a chain of e-mails. At the very top of
 8 the first page is from (b)(7)(C) dated
 9 August 26, 2009, to Michael Nowak. The
 10 bottom right-hand side, JPM-AG 00268407.
 11 This is dated August, 2009, as was
 12 Exhibit 8, (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 14 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 15 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 16 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 17 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 18 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 19 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 21 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 22 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 24 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 25 Q Do you recall that actually

1 Nowak
 2 being the case, (b)(4)
 3 (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11 (b)(3):7 U.S.C. §12 (b)(7)(C) (b)(3):7 U.S.C.
 12 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14 (b)(7)(C)(b)(4)
 15 And then at the very top (b)(7)(C)
 16 (b)(7)(C)(b)(4)
 17 (b)(4) (b)(7)(b)(4)
 18 (b)(4)
 19 Do you recall receiving this
 20 e-mail from Mr. (b)(7)(C) ?
 21 A (b)(4)
 22 (b)(4)
 23 Q Do you recall having a
 24 discussion with Mr. (b)(7)(C) (b)(4)
 25 (b)(4) (b)(7) (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4) ?
 7 A (b)(4) (b)(7) (b)(4)
 8 (b)(4)
 9 EXAMINATION BY MR. HAYECK:
 10 Q Who is (b)(7)(C) (b)(7)(C) (b)(7)(C) ?
 11 A (b)(4)
 12 Q (b)(4) ?
 13 A (b)(4)
 14 (b)(4) (b)(7)(C)
 15 Q Where is (b)(7)(C) (b)(4)
 16 (b)(4) ?
 17 A He is more senior to me. He
 18 runs a whole bunch of different sales
 19 businesses to index business and the ags
 20 business.
 21 Q Where would he be with respect
 22 to (b)(7)(C) ?
 23 A (b)(4) (b)(7)(C).
 24 Q Who is (b)(7)(C) ?
 25 A He is the head of risk

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 Q (b)(4) (b)(7)(C)
 6 (b)(4) ?
 7 A (b)(4)
 8 (b)(4)
 9 (b)(7) (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 Q (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 management. (b)(4)
 3 (b)(7)(C)
 4 Q Mr. (b)(7)(C) s (b)(4)
 5 (b)(4)
 6 What is that?
 7 A Those would be (b)(7)(C) s (b)(4)
 8 (b)(4)
 9 Q It would include Mr. (b)(7)(C)
 10 and Mr. (b)(7)(C) ?
 11 A (b)(4)
 12 Q (b)(4) ?
 13 A (b)(4)
 14 (b)(4) (b)(7)(C) (b)(4)
 15 (b)(4) (b)(7)(C) (b)(4)
 16 (b)(4) (b)(7)(C) (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4) (b)(7)(C) (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 Q (b)(7)(C) is also c.c.'d.
 24 Who is he?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q (b)(4)
 7 (b)(4)?
 8 A (b)(4)
 9 (b)(4)
 10 Q How about (b)(7)(C)?
 11 A (b)(4)
 12 (b)(4)
 13
 14 Q If you look a little further
 15 down it names (b)(7)(C) (b)(4)
 16 (b)(4)
 17 A Okay, I see that.
 18 Q (b)(4)
 19 (b)(4)?
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24 Q Sure.
 25 A (b)(4)

1 Nowak
 2 EXAMINATION BY MR. HAYECK:
 3 Q What does (b)(7)(C) do now?
 4 A (b)(4)
 5 (b)(4)
 6
 7
 8
 9 (b)(4) (b)(7)(C)
 10 (b)(7)(C) (b)(4)
 11 Q (b)(4)?
 12 A (b)(4)
 13 (b)(4)
 14 (b)(4) (b)(7)(C) (b)(4)
 15 (b)(4)
 16 (b)(4) (b)(7)(C) (b)(4)
 17 (b)(4)
 18
 19 (b)(4) (b)(7)(C) (b)(4)
 20 EXAMINATION BY MS. RYALL:
 21 Q You said he was at (b)(7)(C)?
 22 A Yes.
 23 Q Then you brought on another
 24 trader that was at (b)(7)(C)?
 25 A Yes.

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q (b)(7)(C), what does he
 7 do?
 8 A He runs hedge fund sales.
 9 Q (b)(7)(C)?
 10 A Never heard of her. And same
 11 with (b)(7)(C), I'm not familiar with him
 12 either.
 13 MR. HAYECK: Thank you.
 14 EXAMINATION BY MS. RYALL:
 15 Q (b)(4)
 16 (b)(7)(C).
 17 A (b)(4)
 18 Q (b)(4)?
 19 A (b)(7)(C).
 20 Q (b)(4)
 21 (b)(4)
 22 A He is (b)(7)(C), so it's only in
 23 the last month he has been my manager.
 24 Q Who was before?
 25 A (b)(7)(C).

1 Nowak
 2 Q You guys didn't take them over?
 3 A Yes.
 4 Q You did?
 5 A Yes.
 6 MS. RYALL: Can we mark this as
 7 number 14.
 8 (Instant message exchange was
 9 marked as Commission's Exhibit 14 for
 10 identification, as of this date.)
 11 Q This is a short one. Just take
 12 a look at this. This is marked as Exhibit
 13 14. It's a one-page instant message
 14 transcript, Bates stamped number JPM-AG
 15 00273963.
 16 A Okay.
 17 Q This is an instant message from
 18 (b)(7)(C) to you on November 19, 2009. Who is
 19 (b)(7)(C)?
 20 A (b)(7)(C) reports to (b)(7)(C)
 21 (b)(7)(C), and he is in risk management.
 22 Q He's saying (b)(3):7 U.S.C. §12 (CEA);
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3 (b)(4) (b)(7)(C) (b)(4)
 4 (b)(4)
 5
 6
 7 (b)(4) ?
 8 A (b)(4)
 9 Q Can you interpret for me what he
 10 means (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23 Q What does he normally do?
 24 A (b)(4)
 25 (b)(4) (b)(7)(C) (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17 (b)(4) (b)(7)(C)
 18 (b)(4)
 19 (b)(4) (b)(7)(C)
 20 (b)(4)
 21
 22
 23
 24 EXAMINATION BY MR. SMITH:
 25 Q Did you ever discuss this

1 Nowak
 2 instant message with (b)(7)?
 3 A (b)(4)
 4 (b)(4)
 5
 6
 7 MR. HAYECK: Let's take a quick
 8 break.
 9 (Whereupon, a recess was taken.)
 10 MS. RYALL: Back on the record.
 11 Let's mark this as Exhibit 15, please.
 12 (Instant message exchange was
 13 marked as Commission's Exhibit 15 for
 14 identification, as of this date.)
 15 Q I have handed you Exhibit 15,
 16 which is an eight-page exhibit. The bottom
 17 right-hand corner has the Bates number
 18 JPM-AG 00271867. Do you recognize what this
 19 is?
 20 A It's an instant message
 21 conversation between me and (b)(7)(C), and I
 22 guess (b)(7)(C) and (b)(7)(C) are on it, too.
 23 Q (b)(7)(C) ?
 24 A (b)(7)(C), yes.
 25 Q I'm going to direct your

1 Nowak
 2 attention to the page Bates ending 870, the
 3 last three lines.
 4 A Okay.
 5 Q (b)(4)
 6 (b)(4)
 7 Could you explain to me what
 8 that discussion is about?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24 Q Next I would like to take a look
 25 at the very bottom of the page ending 872,

1 Nowak
 2 the very last line, and the next five lines
 3 on the following page.
 4 A Let me read back a little bit so
 5 I can get some content. This is (b)(7)(C)
 6 talking to (b)(7)(C), right?
 7 Q Yes.
 8 A Okay, yes.
 9 Q One of the lines that I
 10 highlighted to you, do you understand what
 11 Mr. (b)(7)(C) is saying?
 12 A (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4) (b)(7)(C) (b)(4)
 16 (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4)
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13
 14
 15
 16 Q (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4)
 19
 20
 21
 22 (b)(4) ?
 23 A (b)(4)
 24 EXAMINATION BY MR. HAYECK:
 25 Q If I direct your attention to

1 Nowak
 2 the first page of the exhibit.
 3 A Okay.
 4 Q Bates stamp ending 1867.
 5 A Yes.
 6 Q There is an entry, six entries
 7 down that says, "(b)(7) gave me the hard sell
 8 in DN."
 9 A Okay.
 10 Q Who is (b)(7)?
 11 A (b)(7)(C) is the senior
 12 marketer in Singapore. He is kind of like
 13 the local senior guy in Singapore.
 14 Q Who does he report to?
 15 A (b)(4) (b)(7)(C) (b)(4)
 16 (b)(4)
 17 Q Does Mr. (b)(7)(C) (b)(4) ?
 18 A (b)(4)
 19 Q What does the quote DN mean?
 20 A That's a typo for LDN, so it
 21 should have been London. So I mean not that
 22 you asked me, but what that's referring to
 23 is (b)(7)(C) has been trying, was bugging me to
 24 come to visit out in Singapore and see the
 25 guys on the desk, and I said, "I can't. I

1 Nowak
 2 can't. (b)(7)(C) It's a pain in
 3 the butt to get out there." And when I met
 4 up with (b)(7) he gave me the hard sell, "You
 5 have to come out to Singapore." So that was
 6 me communicating to (b)(7)(C) that (b)(7) was
 7 trying to get me to come out to Singapore to
 8 see you guys, too.
 9 Q Did you eventually go?
 10 A Yes.
 11 Q How long were you there?
 12 A Three days, which takes like
 13 seven days of travel time.
 14 Q About two-thirds down on the
 15 page, the seventh entry from the bottom, it
 16 appears that you say, "I just landed from
 17 London." Do you see that entry?
 18 A Yes.
 19 Q Then there is a phrase after
 20 that that I can't interpret. (b)(4)
 21 (b)(4)
 22 A (b)(4)
 23 (b)(4)
 24
 25 Q And Mr. (b)(7)(C) responds about a

1 Nowak
 2 Subway around the corner. (b)(4)
 3 (b)(4)?
 4 A No. That's actually referring
 5 to the comment when I am referring to
 6 Singapore. I said, "You just need to find
 7 some food that I can eat over there," and he
 8 says, "There is a Subway right around the
 9 corner," because I was afraid of the food
 10 over there.
 11 MR. RAISLER: As in Subway
 12 sandwich shop?
 13 THE WITNESS: Correct, Subway
 14 sandwich shop.
 15 Q In the last entry on the page
 16 where it just says your name and then it
 17 goes over to the next page, where it says,
 18 (b)(4)
 19 A (b)(4)
 20 Q (b)(4)
 21 (b)(4)?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 make sure.
 3 (b)(4)
 4 (b)(4)
 5 (b)(4) (b)(7)(C)'s
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17 (b)(4) (b)(7)(C)'s
 18 (b)(4)
 19
 20
 21
 22
 23
 24
 25 EXAMINATION BY MS. RYALL:

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8 Q (b)(4)
 9 (b)(4)
 10 (b)(4)?
 11 A (b)(4)?
 12 Q (b)(4)
 13 (b)(4)?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19 Q The fifth entry from the bottom
 20 on the second page of Exhibit 15.
 21 A Okay.
 22 Q Mr. (b)(7)(C) appears to say,
 23 (b)(4)
 24 Do you know what that means?
 25 A Let me just read ahead of it to

1 Nowak
 2 Q What is LME week?
 3 A London metals exchange week.
 4 And people kind of come in, there's a lot of
 5 different dinners, things like that.
 6 MR. RAISLER: Annual event, you
 7 shouldn't miss it.
 8 THE WITNESS: It's the first one
 9 I had been to, actually.
 10 EXAMINATION BY MR. HAYECK:
 11 Q On the third page of Exhibit 15.
 12 A 69?
 13 Q Yes, ending in 1869. The fifth
 14 entry down there is a reference to (b)(7)(C)
 15 (b)(7)(C)
 16 A Yes.
 17 Q Who is that?
 18 A (b)(7)(C), he is the other trader
 19 in Singapore with (b)(7)(C)
 20 MR. HAYECK: Okay.
 21 EXAMINATION BY MS. RYALL:
 22 Q How often do you go to the
 23 London office?
 24 A Four times a year, ish.
 25 MS. RYALL: This will be

1 Nowak
 2 Exhibit 16, please.
 3 (E-mail was marked as
 4 Commission's Exhibit 16 for
 5 identification, as of this date.)
 6 Q I am handing you Exhibit 16.
 7 It's a one-page exhibit, and the Bates
 8 number is JPM-AG 00242804.
 9 A Okay.
 10 Q Do you recognize what that is?
 11 A (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(7)(C), (b)(7)(C) (b)(4) (b)(7)(C) (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 Q (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 (b)(4) ?
 21 Q (b)(4)
 22 A (b)(4)
 23 (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 Q (b)(4)
 13 (b)(4) ?
 14 A (b)(4)
 15 Q (b)(4)
 16 (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 Q (b)(4)
 23 (b)(4)
 24 A (b)(4)
 25 Q (b)(4)

1 Nowak
 2 A (b)(4)
 3 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 Q Where in here does it say that

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 A (b)(4)
 5 Q Can you explain that to me?
 6 A (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 Q The second e-mail from Mr.
 18 (b)(7)(C) says, "Nice day, Mike."
 19 A Yes.
 20 Q (b)(4) ?
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4) I wrote on that, I'm sorry.

1 Nowak
 2 Q On Exhibit 16 the underlining is
 3 your own from this session?
 4 A Yes.
 5 MS. RYALL: Let's mark this,
 6 please.
 7 (Instant message exchange was
 8 marked as Commission's Exhibit 17 for
 9 identification, as of this date.)
 10 THE WITNESS: Okay.
 11 Q I have handed you what's been
 12 marked as Exhibit 17, and it's an 11-page
 13 document. On the first page is the Bates
 14 number JPM-AG 00274576.
 15 Do you recognize this document?
 16 A Yes. It's an instant message
 17 with me, (b)(7)(C), (b)(7) and (b)(7)(C).
 18 Q (b)(7)(C)?
 19 A Yes.
 20 Q (b)(7)(C)?
 21 A Yes.
 22 Q And (b)(7)(C)?
 23 A Yes.
 24 Q Do you recall having this actual
 25 conversation via instant message?

1 Nowak
 2 (b)(4)
 3
 4
 5 Q (b)(4)
 6 (b)(4)
 7
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13
 14 Q What does, (b)(3):7 U.S.C. §12 (CEA);
 15 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 16 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 18 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C)
 19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20
 21
 22
 23
 24
 25

1 Nowak
 2 A I sure do.
 3 Q You do?
 4 A Yes, I remember this one, yes.
 5 Q On the first page, about seven
 6 lines down at 5:07:04, Mr. (b)(7)(C) says, (b)(
 7 (b)(4)
 8 (b)(4)
 9 A Yes.
 10 Q Do you understand what he is
 11 saying there?
 12 A (b)(4)
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19
 20
 21
 22 Q (b)(4)
 23 (b)(4)
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6 (b)(3):7 U.S.C. §12 ?
 7 A Yes, exactly.
 8 Q (b)(4) Mr. (b)(7)(C) (b)(4)
 9 (b)(4)
 10 Do you understand what he means
 11 there?
 12 A (b)(4)
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19
 20
 21
 22
 23 EXAMINATION BY MR. HAYECK:
 24 Q You were in London when you had
 25 this conversation?

1 Nowak
 2 A I had just landed in London from
 3 a flight from Singapore.
 4 Q Do you know if these times on
 5 here are London times?
 6 A Yes, they are London times.
 7 Q How did you access the instant
 8 message system in London?
 9 A My BlackBerry.
 10 EXAMINATION BY MS. RYALL:
 11 Q Did you land around 5 a.m.
 12 London time?
 13 A Exactly. I was a mess.
 14 Q You were coming straight from
 15 Singapore?
 16 A Yes.
 17 Q If you'll go to the page ending
 18 4580.
 19 A Okay.
 20 Q And if you can read just this
 21 one page over again to yourself.
 22 A Okay.
 23 Q What is this conversation about?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 3 What does that mean?
 4 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19 (b)(4)
 20 (b)(4) (b)(7) (b)(4)
 21 (b)(7)(C) (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4) (b)(7) (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10 (b)(4) (b)(7)(C) (b)(4) (b)(7) (b)(4)
 11 (b)(4)
 12
 13 (b)(4) (b)(7) (b)(4)
 14 (b)(4) (b)(7)(C) (b)(4)
 15 (b)(4)
 16 (b)(4) (b)(7) (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4) (b)(7) (b)(4)
 19 (b)(4)
 20 EXAMINATION BY MR. SMITH:
 21 Q Who is (b)(7)?
 22 A (b)(7)(C) that is.
 23 EXAMINATION BY MS. RYALL:
 24 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 19 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3);7 U.S.C. §12 (CEA); (b)(4) ?
 21 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 22 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 23
 24
 25

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 11 A (b)(3):7 U.S.C. §12 (CEA);
 12 Q (b)(3):7 U.S.C. §12 ?
 13 A (b)(3):7 U.S.C. §12
 14 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 15 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 16 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15 Q If we go back to the third page
 16 of the exhibit, which ends in number 78.
 17 A Qkay.
 18 Q At 5:31:04.
 19 A Qkay.
 20 Q Mr. (b)(7)(C) (b)(4). What
 21 is that?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3 Q (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6
 7
 8
 9
 10 EXAMINATION BY MR. HAYECK:
 11 Q Let's look at the following page
 12 which ends in 81.
 13 A Qkay.
 14 Q At 5:57:14.
 15 A Okay.
 16 Q (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4) (b)(7)
 19 A Yes.
 20 Q Who is (b)(7)(C) ?
 21 A (b)(7)(C)
 22 Q (b)(4)
 23 (b)(4) ?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4) ?
 5 A (b)(4)
 6 Q And at 5:32:49 there is a
 7 reference to (b)(7)(C). Do you who that is?
 8 A (b)(7)(C) (b)(7)(C),
 9 the guy in New York.
 10 Q And towards the bottom of the
 11 page at 5:41:09 there is a reference to (b)(4)
 12 A Yes.
 13 Q Who is that?
 14 A (b)(4)
 15 (b)(4)
 16
 17 Q (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20 Q (b)(4) ?
 21 A (b)(4)
 22 Q (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 Q (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5
 6 Q Is it somebody you trade with
 7 often?
 8 A (b)(4)
 9 (b)(4)
 10 Q On the following page, which
 11 ends in 79.
 12 A Okay.
 13 Q 5:42:41.
 14 A Okay.
 15 Q (b)(4)
 16 (b)(4)
 17 A Yes.
 18 Q Do you know what that means?
 19 A (b)(4)
 20 (b)(4)
 21 Q What does that do for you?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10 Q (b)(4)
 11 (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 Q (b)(4) ?
 20 A (b)(4)
 21 EXAMINATION BY MR. HAYECK:
 22 Q (b)(4)
 23 (b)(4)
 24
 25 (b)(4) ?

1 Nowak
 2 (b)(4)
 3 EXAMINATION BY MS. RYALL:
 4 Q If you can go to the page ending
 5 584.
 6 A Okay.
 7 Q If you can read the first half
 8 of that page to yourself.
 9 A Okay.
 10 Q What is this conversation about
 11 between you and Mr. (b)(7)(C) ?
 12 A (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 14
 15
 16 (b)(3); 7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C).
 17 (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 A (b)(4) ?
 3 (b)(4)
 4
 5
 6
 7
 8 Q (b)(4)
 9 (b)(4)
 10
 11 (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18
 19
 20
 21 Q (b)(4)
 22 (b)(4)
 23
 24
 25 (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 Q (b)(4) Mr.
 7 (b)(7)(C) (b)(4)
 8 (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
 11 (b)(4) ?
 12 Q (b)(4)
 13 A (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 EXAMINATION BY MS. RYALL:
 19 Q A couple of lines down it says,
 20 (b)(4) What does
 21 that mean?
 22 A (b)(4)
 23 (b)(4) (b)(7)'s (b)(4)
 24 (b)(4) (b)(7)'s (b)(4)
 25 (b)(4) (b)(7) (b)(4)

1 Nowak
 2 (b)(4)
 3 MS. RYALL: Are there any more
 4 questions on this?
 5 MR. HAYECK: No.
 6 MS. RYALL: I think we will end
 7 there for today.
 8 (Time noted: 4:35 p.m.)
 9
 10
 11
 12
 13
 14
 15
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 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(7)'s (b)(4)
 5 (b)(4)
 6 Q At the very top of that page,
 7 (b)(4) (b)(7)(C) (b)(4)
 8 (b)(4)
 9 A Yes.
 10 Q What does (b)(4) mean?
 11 A (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 Q (b)(4)
 20 (b)(4) ?
 21 A (b)(4)
 22 Q (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25 (b)(4)

1 ACKNOWLEDGMENT
 2
 3
 4 UNITED STATES OF AMERICA)
 5 ss:
 6 COMMODITY FUTURES TRADING COMMISSION)
 7
 8 I, MICHAEL NOWAK, hereby certify
 9 that I have read the transcript of my
 10 testimony taken under oath in my deposition
 11 of AUGUST 3, 2010; that the transcript is a
 12 true, complete and correct record of what
 13 was asked, answered and said during this
 14 deposition, and that the answers on the
 15 record as given by me are true and correct.
 16
 17
 18 MICHAEL NOWAK
 19
 20 Subscribed and sworn to
 21 before me this _____ day
 22 of _____, 2010.
 23
 24
 25 NOTARY PUBLIC

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1
2
3 ERRATA SHEET
4 DEPOSITION OF: MICHAEL NOWAK
5 RE: SILVER PRICES
6 DATE TAKEN: AUGUST 3, 2010
7 PAGE LINE CORRECTION REASON
8 _____
9 _____
10 _____
11 _____
12 _____
13 _____
14 _____
15 _____
16 _____
17 _____
18 _____
19 _____
20 _____
21 MICHAEL NOWAK
22 Subscribed and sworn to
23 before me this ____ day
24 of _____, 2010.
25 _____
26 NOTARY PUBLIC

1
2 CERTIFICATE
3 STATE OF NEW YORK)
4 ss:
5 COUNTY OF NASSAU)
6 I, KEVIN JONES, a Shorthand Reporter
7 and Notary Public in and for the State of
8 New York, do hereby certify:
9 That the testimony of MICHAEL NOWAK was
10 held before me at the aforesaid time and
11 place.
12 That said witness was duly sworn before
13 the commencement of the testimony and that
14 the testimony was taken stenographically by
15 me and is a true and accurate transcription
16 of my stenographic notes.
17 I further certify that I am not related
18 to any of the parties to the action by blood
19 or marriage and that I am in no way
20 interested in the outcome of this matter.
21 IN WITNESS WHEREOF, I have hereunto set
22 my hand this 11th day of August, 2010.
23
24
25 _____
KEVIN JONES

Transcript Word Index

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

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(b)(4); (b)(6); (b)(7)(C)

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(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

Silver Price Manipulation

Nowak, Michael Vol 2

8/4/2010 10:00 AM

-----X
IN THE MATTER OF:
SILVER PRICES
-----X

140 Broadway
New York, New York
August 4, 2010
10:00 a.m.

CONTINUED DEPOSITION of MICHAEL
NOWAK, the Witness herein, taken by the
COMMODITY FUTURES TRADING COMMISSION,
pursuant to Agreement, held at the
above-noted time and place, before a Notary
Public of the State of New York.

1 Nowak
2 MS. RYALL: We are going to
3 continue with reviewing e-mails today.
4 THE WITNESS: Sounds good.
5 MS. RYALL: And IM's. Let's
6 start with this one.
7 (Instant message exchange was
8 marked as Commission's Exhibit 18 for
9 identification, as of this date.)
10 MICHAEL NOWAK, the Witness
11 herein, having been first duly sworn by
12 Kevin B. Jones, a Notary Public in and
13 for the State of New York, was examined
14 and testified as follows:

15 CONTINUED EXAMINATION BY

16 MS. RYALL:
17 Q Would you state your name again
18 for the record.
19 A Michael Nowak, N-O-W-A-K.
20 Q Take a look through that. Take
21 your time.
22 MR. RAISLER: Just for the
23 record, did you note on the record when
24 Mr. Nakkab left? And he is not with us
25 today.

1
2
3 APPEARANCES:
4
5 COMMODITY FUTURES TRADING COMMISSION
6 Division of Enforcement
7 1155 21st Street N.W.
8 Washington, D.C. 20581
9
10 BY: CHRISTINE M. RYALL, ESQ.
11 EUGENE SMITH, ESQ.
12 PAUL G. HAYECK, ESQ.
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20
21
22
23
24
25
11 SULLIVAN & CROMWELL, LLP
12 Attorneys for Michael Nowak
13 125 Broad Street
14 New York, New York 10004

15 BY: KENNETH M. RAISLER, ESQ.
16 WILLIAM SCHROEDER, ESQ.
17 CHERYL WONG, ESQ.

1 Nowak
2 MR. HAYECK: Why don't we go
3 around and have appearances for today.
4 For the witness we have?
5 MR. RAISLER: Ken Raisler with
6 Sullivan & Cromwell.
7 MR. SCHROEDER: William
8 Schroeder with Sullivan & Cromwell.
9 MS. WONG: Cheryl Wong,
10 Sullivan & Cromwell.
11 MS. RYALL: Christine Ryall.
12 MR. SMITH: Eugene Smith.
13 MR. HAYECK: And Paul Hayeck.
14 THE WITNESS: So read through
15 this?
16 MS. RYALL: Yes, read through
17 that.
18 For the record it's a seven-page
19 exhibit, and the first page has the
20 Bates number JPM-AG 00123038.
21 THE WITNESS: Okay.
22 Q Do you recognize this document?
23 A I don't remember this specific
24 conversation, but I know what it is. It's a
25 Bloomberg conversation between me and (b)(7)(C)

1 Nowak
 2 (b)(7)(C)
 3 Q (b)(7)(C) is
 4 your user name for Bloomberg IM's?
 5 A Correct.
 6 Q I want to first direct your
 7 attention to on the first page line time
 8 12:04:33.
 9 A Okay.
 10 Q (b)(4)
 11 (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 Q Going down a little further to
 8 12:05:11, (b)(7)(C) says, (b)(4)
 9 (b)(4) Can you tell me what fly
 10 is?
 11 A Sure. That's short for
 12 butterflies. A butterfly is when -- so it's
 13 a trade where you say buy the at the money
 14 strike and sell two wing options, or if you
 15 sell the at the money and buy two wing
 16 options against it.
 17 Q What do you mean by wing
 18 options?
 19 A Wing options means something
 20 that's further away from the at the money
 21 strike, so a very high strike or a very low
 22 strike usually is referred to as a wing
 23 option. So basically if we did this trade
 24 that would be net selling flies. Selling
 25 flies refers to buying at the money, and

1 Nowak
 2 selling out of the money options.
 3 Q Skip to the page ending 043.
 4 A Okay.
 5 Q If you can read the first three
 6 line entries there starting 13:09:47.
 7 A Okay.
 8 Q I wanted you to explain what
 9 this conversation is about. You may need to
 10 read back a couple lines, I'm not sure.
 11 A Actually, yes, I think it's a
 12 stand alone. It does actually start where
 13 you're starting.
 14 So I just (b)(3);7 U.S.C. §12
 15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 16
 17
 18
 19
 20
 21 Q This would be (b)(3);7 ?
 22 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 24
 25

1 Nowak
 2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13 (b)(3);7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C); (b)(3);
 14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 15
 16
 17
 18
 19
 20 Q Just explain to me again why
 21 it's more expensive to be long.
 22 A Because it's similar to like --
 23 if you think about the cash and carry trade
 24 I explained yesterday, the futures price is
 25 higher than where the OTC values it, and

1 Nowak
 2 it's also higher than where if you just
 3 bought gold and paid for it and funded it
 4 with all the storage costs, it's cheaper for
 5 us to have the trade on the other way. So
 6 to be short the futures and long the cash.
 7 (b)(4) (b)(7) (b)(4)
 8 (b)(7) (b)(4)
 9 (b)(4)
 10 (b)(4) (b)(7) (b)(4)
 11 (b)(4)
 12
 13 Q (b)(4)
 14 (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20 Q Why do you have a (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25 Q (b)(4)

1 Nowak
 2 Q Okay.
 3 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 4 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 5
 6
 7 Q That's the bottom of 38?
 8 A The bottom of 38, yes. And then
 9 you can tell that I am actually -- my
 10 comment, the first line and the third line
 11 are not referring to the middle line. I
 12 just typed two things and didn't see the
 13 thing in the middle. I said, (b)(3);7 U.S.C. §12
 14 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 15
 16
 17
 18
 19
 20
 21
 22
 23 And (b)(3);7 U.S.C. §12 (CEA); (b)(4)'s comment in there is
 24 saying, (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 MS. RYALL: Do you have any
 5 questions about this e-mail?
 6 MR. HAYECK: Yes.
 7 EXAMINATION BY MR. HAYECK:
 8 Q On page ending in 39.
 9 A Okay.
 10 Q The second entry at 12:05:42,
 11 Mr. (b)(7)(C) says, (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 12 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3);7 U.S.C. §12
 14 A (b)(3);
 15 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 16 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 17
 18 (b)(3);7 ?
 19 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 21
 22
 23 EXAMINATION BY MS. RYALL:
 24 Q Which line is that?
 25 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17 EXAMINATION BY MR. HAYECK:
 18 Q If you go to page 042, there is
 19 an entry at 12:56:40, about halfway down, a
 20 little more.
 21 A Okay.
 22 Q (b)(4)
 23 (b)(4)
 24 A Yes.
 25 Q What does that reference mean?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 11:12:18, and I first start typing at
 3 12:02:21. And usually in the morning that's
 4 right around the time I will log in the
 5 first time, which is about 6:12 in the
 6 morning. And then I usually get in the
 7 office right around 7 o'clock in the
 8 morning, which would have been when I first
 9 started typing on it.
 10 Q Where is (b)(7)(C)?
 11 A He is in London.
 12 MS. RYALL: Are you finished?
 13 MR. HAYECK: Yes.
 14 MS. RYALL: Let's mark this as
 15 number 19.
 16 (Instant message exchange was
 17 marked as Commission's Exhibit 19 for
 18 identification, as of this date.)
 19 THE WITNESS: Okay.
 20 Q Do you recognize this document?
 21 A Like the last one, I know what
 22 this is, but I don't specifically remember
 23 the exact one of these.
 24 Q This is what?
 25 A This is an instant Bloomberg

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 MR. SCHROEDER: We should note
 10 for the record that we are requesting
 11 FOIA confidential treatment of the
 12 transcript for today and yesterday. We
 13 will follow up in a letter with you,
 14 Christine, to confirm that.
 15 MS. RYALL: Okay. I expected
 16 you to.
 17 Q Exhibit 18, the conversation
 18 appears to be September 12, 2008, and the
 19 time again is 12:02. Do you know if that's
 20 New York time?
 21 A I'll try to figure that out.
 22 Just give me one second. These look to me
 23 to be London times.
 24 Q Why do you think that?
 25 A Because I joined the room at

1 Nowak
 2 chat room that is called (b)(4)
 3 (b)(4)
 4
 5 Q Is this open all the time?
 6 A Yes.
 7 MR. HAYECK: We are looking at
 8 Exhibit 19. The Bates stamp number
 9 begins with JPM-AG 00189898.
 10 MS. RYALL: Yes.
 11 Q The first thing I want to direct
 12 your attention to is on the page marked 900.
 13 A Okay.
 14 Q About the middle of the page,
 15 18:59:12.
 16 A Okay.
 17 Q And (b)(7)(C) says, (b)(4)
 18 (b)(4)
 19 A Yes.
 20 Q What is a lakh?
 21 A 100,000 ounces. I think
 22 technically it's spelled L-A-K-H, but I'm
 23 not sure, something like that.
 24 Q Does that refer to a particular
 25 metal?

1 Nowak
 2 A No. It can be 100,000 ounces of
 3 anything.
 4 Q Next let's go to page 902. Read
 5 about one-third of the way down.
 6 A Okay.
 7 Q That passage.
 8 A Okay.
 9 Q Can you explain to me what this
 10 conversation is about?
 11 A Sure. So (b)(7)(C)(b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q (b)(4) ?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 Q What does that mean?
 21 A (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 Q Do you see any significant
 9 pattern to where the prices are in Asia and
 10 where they go when New York opens?
 11 A (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 Q On the next page, 903, at
 20 1:38:15, (b)(7)(C) says, (b)(4)
 21 (b)(4)
 22 Can you explain what he means by
 23 that?
 24 A Sure. (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 Q When you say "you guys," who are
 21 you talking about?
 22 A Asia. Not our Asia desk, but
 23 the Asia market slash tocom market.
 24 Q Was that something unusual that
 25 you observed for those 50 days?

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 Q "You" means the client?
 6 A (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 Q How did they sell a delta hedge
 24 to you? Is that a different product?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5 Q The same page, 903, at the very
 6 bottom, 1:44:02, (b)(7)(C), it goes to the
 7 next page, it says, (b)(4)
 8 (b)(4)
 9
 10 A Yes.
 11 Q Could you explain what that
 12 means?
 13 A Yes. He is saying that (b)(4)
 14 (b)(4), which is the stuff
 15 discussed above. (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 16 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17
 18
 19
 20
 21
 22 Q Yes.
 23 A (b)(7)(C) is saying that (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4) we
 6 talked about that a little bit yesterday,
 7 that means (b)(4)
 8 (b)(4)
 9
 10
 11 Q (b)(4)
 12 (b)(4)?
 13 A (b)(4)
 14 Q (b)(4)
 15 (b)(4)?
 16 A (b)(4)
 17 Q Because you want to trade?
 18 A Just to kept terminology, if
 19 it's showing where we would buy it, we would
 20 say (b)(4)
 21 (b)(4)
 22
 23
 24 Q The benefit goes a little bit
 25 towards the counterparty?

1 Nowak
 2 A (b)(4)
 3 Q (b)(4)?
 4 A (b)(4)
 5 (b)(4)
 6
 7 EXAMINATION BY MR. HAYECK:
 8 Q Going to page one of Exhibit 19.
 9 A Okay.
 10 Q It starts with a date at the top
 11 of February 9, 2009, 12:03 a.m. Do you know
 12 what time zone this exhibit reflects?
 13 A It's probably easier to figure
 14 out from when I am doing stuff. This looks
 15 like it has to be London times, and I can
 16 tell that from the fact that all of the
 17 joining the rooms of the New York people
 18 happen around that, you know, 12 to 13 time,
 19 which would be 7 to 8:00 a.m.
 20 EXAMINATION BY MS. RYALL:
 21 Q Which page are you looking at?
 22 A Page 99. I can see a bunch of
 23 New York people saying "join the room,"
 24 which refers to when we log into the system.
 25 Q Who are those people?

1 Nowak
 2 A We have (b)(7)(C), (b)(7)(C)
 3 (b)(7)(C), (b)(7)(C).
 4 Q (b)(7)(C) is at 11:19:17?
 5 A Yes. Actually, sometimes he'll
 6 log in and log off just because you get
 7 disconnected or something. Then he actually
 8 rejoins at 11:19:24, (b)(7)(C) at
 9 11:27:14, myself at 11:42:20, (b)(7)(C)
 10 at 11:42:52, (b)(7)(C) at 11:43:57, so on
 11 and so forth. So those are everybody
 12 getting into the office and logging on to
 13 their system, which is always around that 6,
 14 7, 8:00 a.m. time.
 15 Q In New York?
 16 A In New York. So these must be
 17 London times.
 18 EXAMINATION BY MR. HAYECK:
 19 Q If we move to the page ending
 20 901, and the date moves to February 10th,
 21 these would be what appear to be early
 22 morning times and would be reflective of
 23 early evening New York on the 9th?
 24 A Exactly, correct, yes.
 25 MR. HAYECK: Thank you.

1 Nowak
 2 MS. RYALL: Let's mark this as
 3 20.
 4 (Instant message exchange was
 5 marked as Commission's Exhibit 20 for
 6 identification, as of this date.)
 7 MS. RYALL: This is a two-page
 8 exhibit, and the first page has a Bates
 9 number of JPM-AG 00206612.
 10 THE WITNESS: Okay.
 11 Q Do you recognize what this
 12 document is?
 13 A I can tell that it's an instant
 14 Bloomberg chat room, but it's one I'm
 15 actually not familiar with. I don't know
 16 what the joining thread of all these people
 17 are, but I do know some of the names in this
 18 chat.
 19 Q Can you tell what the time zone
 20 is, what these actual time stamps reflect,
 21 based on the persons that you know and where
 22 they are located?
 23 A This looks like it's London
 24 time.
 25 Q Why do you say that?

1 Nowak
 2 A The people that I know in London
 3 seem to join the room at 7:30 to 8 o'clock,
 4 which is normally the time London people get
 5 in.
 6 Q Which ones are those?
 7 A So the people I know that are in
 8 London are (b)(7)(C), which is 7:37:35,
 9 actually, sorry, he doesn't log in. He
 10 joins the room at 6:41:47. Then there's
 11 (b)(7)(C), 7:44:14, (b)(7)(C), I
 12 don't know how to pronounce her name,
 13 (b)(7)(C) 7:48:53, so on and so forth.
 14 Q I want to direct your attention
 15 to the second page, which is Bates ending
 16 613.
 17 A Okay.
 18 Q And near the bottom at 14:20:01,
 19 (b)(7)(C) says, (b)(4)
 20 (b)(4)
 21 A Okay.
 22 Q Do you understand what he is
 23 saying there?
 24 A Mostly, yes. "Let's XXX" means
 25 exercise. (b)(4)

1 Nowak
 2 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5 MR. RAISLER: (b)(3);7 U.S.C. §12
 6 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 7 Q How do you spell that?
 8 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 9 MR. RAISLER: Yes.
 10 A (b)(4)
 11 (b)(4)
 12
 13
 14 (b)(4) (b)(7)(C)
 15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 16
 17
 18
 19
 20 Q It does?
 21 A Yes. It's just terminology that
 22 people use.
 23 Q So (b)(7)(C) (b)(3);7
 24 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3);7 U.S.C. §12?

1 Nowak
 2 A What I read this as, and I can't
 3 say this with 100 percent certainty, but the
 4 way I would read this is (b)(7)(C) is
 5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 6
 7
 8
 9
 10 MS. RYALL: We're finished with
 11 that one. Let's mark this as 21.
 12 (E-mail chain was marked as
 13 Commission's Exhibit 21 for
 14 identification, as of this date.)
 15 MS. RYALL: This is a three-page
 16 exhibit, and the first page is Bates
 17 number JPM-AG 00275625.
 18 THE WITNESS: Okay.
 19 Q Do you recognize this document?
 20 A Yes.
 21 Q Can you tell me what this is?
 22 A This is part of a discussion
 23 between me and (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(4)
 3
 4 Q Who is (b)(7)(C)?
 5 A He is someone that works for
 6 (b)(7)(C) in risk management. He has a
 7 similar job to (b)(7)(C), who is another
 8 person we spoke about yesterday.
 9 Q So this e-mail, the second one
 10 down, shows you proposing (b)(4)
 11 for individual traders.
 12 A (b)(4)
 13 (b)(4)
 14 Q So were these (b)(4)
 15 for 2010?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20
 21 Q It sounds like there is also a
 22 (b)(4)
 23 (b)(4)
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8 MS. RYALL: We're finished with
 9 that one.
 10 THE WITNESS: Okay.
 11 MS. RYALL: This will be the
 12 next exhibit, 22.
 13 (E-mail was marked as
 14 Commission's Exhibit 22 for
 15 identification, as of this date.)
 16 MS. RYALL: This is a two-page
 17 exhibit, the first page is Bates number
 18 JPM-AG 00256521.
 19 Q Do you recognize this document?
 20 A Yes.
 21 Q What is it?
 22 A It's an e-mail from me to (b)(7)(C)
 23 (b)(7)(C), responding to a (b)(7)(C) article.
 24 Q Could you tell me why you
 25 responded to this particular article?

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4)
 5 (b)(4)?
 6 A Say that again.
 7 Q (b)(4)
 8 (b)(4)
 9
 10
 11 A (b)(4)
 12 Q (b)(4)
 13 (b)(4)
 14
 15 (b)(4)?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 A (b)(7)(C)'s (b)(4)
 3 (b)(4)
 4
 5
 6 Q By "us" you mean?
 7 A J.P. Morgan. Yes, J.P. Morgan,
 8 yes.
 9 Q Was anything done in response to
 10 this particular e-mail?
 11 A (b)(4) (b)(7)(C)
 12 (b)(4)
 13 Q Did you do anything other than
 14 forward this link to (b)(7)(C)?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21
 22
 23 Q There is a chart attached to it,
 24 which is the second page. Could you tell me
 25 what this depicts?

1 Nowak
 2 A Sure. This is a chart that
 3 shows (b)(4)
 4 (b)(4)
 5
 6
 7
 8
 9
 10
 11
 12
 13 MR. HAYECK: What exhibit number
 14 is this?
 15 MS. RYALL: This is number 22.
 16 EXAMINATION BY MR. HAYECK:
 17 Q Just for the record, who is
 18 (b)(7)(C)?
 19 A He is my compliance officer.
 20 Q What is his official title, if
 21 you know?
 22 A That's all I know. I don't know
 23 what his actual title is.
 24 Q For the record, who is (b)(7)(C)
 25 (b)(7)(C)?

1 Nowak
 2 A (b)(7)(C)
 3 (b)(7)(C)
 4 Q Have you had any direct contact
 5 with Mr. (b)(7)(C) about this issue?
 6 A No, nothing directly.
 7 Q And the date on Exhibit 22 is
 8 March 11, 2009. To the best of your
 9 recollection, is that when this e-mail was
 10 sent by you?
 11 A Yes. I'm sure the date stamp is
 12 right on this. There is no reason that
 13 would be wrong.
 14 EXAMINATION BY MR. SMITH:
 15 Q Do you know about the time that
 16 Mr. (b)(7)(C)'s (b)(4)
 17 (b)(4)?
 18 A (b)(4)
 19 (b)(4) (b)(7)(C)
 20 (b)(7)(C) (b)(4) So
 21 if you actually go on the Web and you can
 22 see the date of the release, (b)(4)
 23 (b)(4) because in those, in
 24 those articles he tells everybody to e-mail
 25 (b)(7)(C) and complain.

1 Nowak
 2 EXAMINATION BY MS. RYALL:
 3 Q Could you tell us who (b)(7)(C)
 4 is?
 5 A I know he is somebody who writes
 6 articles about the precious metals market
 7 that has a bunch of people that subscribe
 8 and follow him.
 9 Q Have you ever had any direct
 10 contact with him?
 11 A Never.
 12 MS. RYALL: We will mark this as
 13 23.
 14 (E-mail was marked as
 15 Commission's Exhibit 23 for
 16 identification, as of this date.)
 17 THE WITNESS: Okay.
 18 MS. RYALL: This is a one-page
 19 exhibit, Bates stamp number on the
 20 bottom right-hand corner is JPM-AG
 21 00049492.
 22 Q Do you recognize this document?
 23 A Yes.
 24 Q What is it?
 25 A It's an e-mail to (b)(7)(C)

1 Nowak
 2 Q From you?
 3 A From me.
 4 Q What was the date on this?
 5 A 9/9/08.
 6 Q Do you recall sending this
 7 e-mail?
 8 A Yes, actually I remember this
 9 one.
 10 Q Who is (b)(7)(C)?
 11 A She is someone that works for
 12 (b)(7)(C).
 13 Q What is her position?
 14 A I don't know exactly.
 15 Q I see there is a c.c. to (b)(7)(C)
 16 (b)(7)(C). Is that (b)(7)(C)?
 17 A Yes, it is.
 18 Q What prompted you to send this
 19 e-mail to (b)(7)(C) if you recall?
 20 A (b)(4) (b)(7)(C) (b)(4)
 21 (b)(4)
 22 (b)(4) (b)(7)(C) (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5 Q Do you recall specifically what
 6 some of the complaints were?
 7 A (b)(4)
 8 (b)(4)
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19 Q Do you usually read his
 20 articles?
 21 A Only when I have gotten e-mails
 22 from (b)(7)(C)'s office, and then I go
 23 and see what the guy wrote, but that's the
 24 only time.
 25 Q You said he makes inaccurate

1 Nowak
 2 (b)(4)
 3
 4 Q Here it says, (b)(3):7 U.S.C. §12
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6 A Yes.
 7 Q What did that (b)(4)
 8 (b)(3):7 U.S.C. §12 ?
 9 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11
 12
 13
 14
 15
 16 Q Do you recall what had (b)(3):7 U.S.C.
 17 (b)(3):7 U.S.C. §12 (CEA); (b)(4) §12 (CEA)?
 18 A Which specific --
 19 Q (b)(4)
 20 (b)(4)
 21 A (b)(4)
 22 (b)(4)
 23
 24
 25 Q (b)(4)

1 Nowak
 2 statements. Other than (b)(4)
 3 (b)(4), was there anything else in
 4 particular that you recall that you felt was
 5 inaccurate?
 6 A (b)(4)
 7 (b)(4)
 8
 9
 10 Q And did Miss (b)(7)(C) (b)(4)
 11 (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 Q So it says in this e-mail, (b)(4)
 15 (b)(4)
 16 A (b)(4)
 17 Q What did you do? Do you recall
 18 what you did to actually come up with this
 19 information?
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 Q Again, in the second paragraph
 5 you say, (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 7 A Yes.
 8 Q (b)(4)
 9 (b)(4) ?
 10 A Yes. (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 12
 13
 14 Q (b)(4)
 15 (b)(4)
 16 (b)(4) ?
 17 A (b)(4)
 18 Q (b)(4)
 19 (b)(4)
 20
 21 (b)(4) Mr. (b)(7)(C) ?
 22 A What was that?
 23 Q (b)(4)
 24 (b)(4)
 25 (b)(4) Mr. (b)(7)(C)

1 Nowak
 2 said.
 3 A (b)(4)
 4 (b)(4)
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18 Q (b)(4) ?
 19 A (b)(4)
 20 Q (b)(4)
 21 (b)(4) (b)(7)(C)
 22 (b)(7)(C) (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 Q So we talked yesterday about
 3 some e-mails that discussed (b)(4)
 4 (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8
 9
 10
 11
 12
 13
 14
 15
 16 Q (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22 Q Has the (b)(4)
 23 (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4 Q Do you get any of those e-mails
 5 directly yourself?
 6 A No.
 7 EXAMINATION BY MR. HAYECK:
 8 Q (b)(4)
 9 (b)(4)
 10
 11 (b)(7)(C) (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 Q (b)(4)
 15 (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18 (b)(4) -- I started
 19 answering before you finished the question.
 20 (b)(4)
 21
 22
 23 (b)(4) (b)(7)(C)
 24 (b)(7)(C) (b)(4)
 25 EXAMINATION BY MS. RYALL:

1 Nowak
 2 (b)(4)
 3
 4
 5 MS. RYALL: We will mark this as
 6 the next exhibit.
 7 (Instant message exchange was
 8 marked as Commission's Exhibit 24 for
 9 identification, as of this date.)
 10 MS. RYALL: This is a five-page
 11 exhibit. The first page has a Bates
 12 number JPM-AG 00208619.
 13 THE WITNESS: Okay.
 14 Q Do you recognize what this
 15 document is?
 16 A It is an instant -- Bloomberg IM
 17 between (b)(7)(C) who I do know and
 18 (b)(7)(C) who I don't know.
 19 Q You don't know a (b)(7)(C) ?
 20 A No.
 21 Q You have never had any contact
 22 with him through your employment?
 23 A Never.
 24 Q I want to direct your attention
 25 to the bottom of the first page at 16:04:25,

1 Nowak
 2 (b)(7)(C) says, (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 At the beginning of the next
 6 page (b)(7)(C) says, (b)(4) (b)(7)(C)."
 7 A Okay.
 8 Q As a trader, can you tell me
 9 what (b)(7)(C) is talking about in that
 10 line on the bottom of the page, 619?
 11 A It's actually one of the more
 12 confusing statements of the entire passage.
 13 I can do my best to -- I can explain some of
 14 the jargon, but I can also explain why this
 15 doesn't make any sense to me if that helps.
 16 Q Okay.
 17 A (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4) I guess based

1 Nowak
 2 (b)(4) ?
 3 A I don't think -- not that I
 4 remember, not that I remember.
 5 Q (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 EXAMINATION BY MS. RYALL:
 11 Q (b)(4) (b)(7)(C)."
 12 A (b)(7)(C) has to refer to (b)(7)(C)
 13 (b)(7)(C), but that's equally confusing. I
 14 don't know what it means.
 15 EXAMINATION BY MR. HAYECK:
 16 Q Have you ever seen Exhibit 24
 17 before?
 18 A I saw part of this with counsel,
 19 but not the whole thing.
 20 Q Which part of it?
 21 A I know I saw this line
 22 (indicating).
 23 Q Which line are you referring to?
 24 A I'm sorry, (b)(4)
 25 (b)(4) I don't know if I heard

1 Nowak
 2 on my explanation you can see why I'm
 3 confused. It seems like he said (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 Q Who have you heard use that term
 16 before?
 17 A I'm not sure.
 18 Q (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 EXAMINATION BY MR. HAYECK:
 25 Q (b)(4)

1 Nowak
 2 it -- I don't know if I have seen any of the
 3 other parts though. It's possible, but
 4 nothing -- that line I remember
 5 specifically.
 6 Q Other than in preparation with
 7 counsel, have you discussed this
 8 communication with anybody?
 9 A No.
 10 Q Have you looked to see if there
 11 was any trading associated with this comment
 12 on that day?
 13 A I haven't, no.
 14 Q Can you tell if this is New York
 15 time or London time?
 16 A Let me see if I can figure this
 17 one out. This has got to be London time
 18 because there is no way (b)(7)(C) would have
 19 been in the office at 7 o'clock at night at
 20 the end of it.
 21 EXAMINATION BY MR. SMITH:
 22 Q Do you know if anybody else
 23 looked at the trading related to this item?
 24 A I'm not sure actually.
 25 EXAMINATION BY MR. HAYECK:

1 Nowak
 2 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 4 A (b)(3):7 U.S.C. §12 (CEA);
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6
 7 Q Are there any traders there who
 8 deal with you frequently?
 9 A Meaning like people that are my
 10 equivalent over there kind of thing?
 11 Q Yes.
 12 A For me my equivalent over there
 13 is a guy named (b)(7)(C). I don't know
 14 how -- (b)(7)(C) or (b)(7)(C) or something like
 15 that, and he's the option trader over there.
 16 (b)(4)
 17
 18
 19 Q Was he there during the 2008,
 20 2009 time frame?
 21 A Yes, yes.
 22 Q Do you know if there is someone
 23 else who would be an equivalent of (b)(7)(C)
 24 (b)(7)(C) or (b)(7)(C) during that time
 25 frame at (b)(7)(C) ?

1 Nowak
 2 A There were, but I don't know who
 3 they are because I don't deal with them
 4 myself.
 5 Q Earlier in the IM on page one,
 6 just starting from the very beginning, the
 7 third entry they are talking about someone
 8 who covers JPM dudes, and (b)(7)(C) a
 9 couple of entries later says he is doing a
 10 great job. Do you have any idea what that's
 11 about?
 12 A I don't know. I could guess if
 13 you'd like me to.
 14 Q Sure.
 15 A It reads like, (b)(7)(C) says, "I
 16 have a colleague named (b)(7)(C) that's in
 17 town who covers some JPM dudes." So he is
 18 a -- it sounds to me he is a salesman that
 19 covers some JPM traders. And (b)(7)(C)
 20 says he is doing a good job covering the
 21 J.P. Morgan people.
 22 Q If you look at the third page of
 23 the exhibit, which ends in Bates stamp 621.
 24 A Okay.
 25 Q Starting at 7:22:33, 17:22:33,

1 Nowak
 2 they are talking about (b)(7)(C) someone who
 3 left to go to (b)(7)(C). Do you know
 4 who that is?
 5 MS. RYALL: A redhead.
 6 A That's the part I'm actually
 7 trying to remember. Actually, I don't know
 8 who that is. I can't think of any redhead
 9 that has ever worked on my desk. It's
 10 entirely possible he is not even referring
 11 to J.P. Morgan. He might be referring to
 12 somewhere else, but no, I definitely
 13 100 percent don't know who that is at all.
 14 Q There are some references in
 15 there to (b)(7)(C), who apparently has skeletons
 16 in his closet. Do you know who that is?
 17 A Again, I don't know this for
 18 certain, but it's most likely (b)(7)(C),
 19 because there is a guy named (b)(7)(C)
 20 (b)(4); (b)(6); (b)(7)(C)
 21
 22 Q How do you spell his last name?
 23 A (b)(7)(C). But again, I don't
 24 know that for sure definitely, but that's
 25 the only (b)(7)(C); (b)(4); (b)(6); (b)(7)(C)

1 Nowak
 2 EXAMINATION BY MS. RYALL:
 3 Q Did he have any skeletons in his
 4 closet?
 5 A That's an interesting one.
 6 EXAMINATION BY MR. HAYECK:
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12 Q (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 Q (b)(4)
 16 (b)(4)
 17 (b)(4) ?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22
 23 Q (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4) (b)(7)(C)
 3 Q (b)(4)
 4 (b)(7)(C) (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11 EXAMINATION BY MS. RYALL:
 12 Q I want to go to page 622, the
 13 very bottom, the last two lines at 19:24:26.
 14 A Okay.
 15 Q (b)(7)(C) says, (b)(4)
 16 (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4)
 19 A Okay.
 20 Q What is (b)(4) ?
 21 A (b)(4)
 22 (b)(4)
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10 Q On the next page, 623,
 11 (b)(7)(C) says, (b)(4)
 12 (b)(4)
 13
 14 A (b)(4)
 15 Q (b)(4)
 16 (b)(4) ?
 17 A Not necessarily.
 18 Q (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 (b)(4)
 22
 23 MR. RAISLER: (b)(4)
 24 (b)(4) ?
 25 EXAMINATION BY MR. SMITH:

1 Nowak
 2 Q Have you ever used the term?
 3 A (b)(4)
 4 (b)(4)
 5
 6 MS. RYALL: Let's mark this as
 7 25.
 8 (Instant message exchange was
 9 marked as Commission's Exhibit 25 for
 10 identification, as of this date.)
 11 MS. RYALL: This is a five-page
 12 exhibit, and on the first page it has
 13 the Bates stamp JPM-AG 00209214.
 14 THE WITNESS: Okay.
 15 EXAMINATION BY MS. RYALL:
 16 Q Do you recognize what this
 17 document is, and this is Exhibit 25?
 18 A It's an instant Bloomberg chat
 19 between (b)(7)(C) and (b)(7)(C).
 20 Q Have you seen this particular
 21 instant message before?
 22 A It's possible I have seen this
 23 one with counsel as well. This one doesn't
 24 have the -- I don't specifically remember it
 25 like I did the last one, but it's certainly

1 Nowak
 2 possible I saw this one, or at least part of
 3 it.
 4 Q Is there a way that you can tell
 5 what time zone this is in?
 6 A Let me try to figure that out.
 7 This has also got to be London.
 8 Q Why do you say that?
 9 A Because again, (b)(7)(C)
 10 wouldn't have been working at 7 o'clock at
 11 night.
 12 Q What time did he usually leave?
 13 A Probably around 4:00 or so,
 14 maybe 4:30.
 15 Q (b)(7)(C) is in London?
 16 A He is based out of London. I
 17 don't know where he was right at the time of
 18 this e-mail.
 19 Q His normal work office is in
 20 London?
 21 A Correct, yes.
 22 Q (b)(4) (b)(7)(C)
 23 (b)(7)(C) ?
 24 A (b)(4)
 25 (b)(4) (b)(7)(C)'s

1 Nowak
 2 (b)(4)
 3 Q What period of time was that?
 4 A (b)(7) (b)(4)
 5 (b)(4)
 6
 7 Q So December, '09?
 8 A Yes.
 9 Q If I can direct your attention
 10 to the first page at 12:42:27, (b)(7)(C)
 11 (b)(7)(C) says, (b)(4)
 12 (b)(4) (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14
 15 (b)(4) ?
 16 A (b)(4)
 17 Q (b)(4) ?
 18 A I don't actually know.
 19 Q Can you tell me what he is
 20 talking about there?
 21 A Like the other one, there are
 22 parts I can definitely help on. The whole
 23 statement has an inconsistency in it which I
 24 will tell you about. It makes it too hard
 25 to understand exactly what he's doing. He

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4
 5
 6
 7
 8
 9
 10
 11 Q Theta is time decay?
 12 A Correct.
 13 Q (b)(4) what does
 14 that mean?
 15 A I would say -- this is a little
 16 part where I would have to guess, because
 17 it's not super clear. But when I would say,
 18 (b)(4)
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 talks about that the fact that (b)(3):7
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) . That
 4 would imply that (b)(4) If he is
 5 (b)(4)
 6
 7
 8 Q Why?
 9 A (b)(4)
 10 (b)(4)
 11
 12 Q (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15 Q (b)(4) ?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 Q Let me stop you.
 3 (b)(4)
 4 (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8
 9
 10
 11 Q (b)(4) ?
 12 A (b)(4)
 13 Q (b)(4) ?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19 Q (b)(4)
 20 (b)(4) ?
 21 A (b)(4)
 22 Q (b)(4)
 23 (b)(4) ?
 24 A Yes. I'm just using the Greek
 25 term, (b)(4)

1 Nowak
 2 Q I'm sorry I interrupted you.
 3 A The thing that is confusing to
 4 me about this statement is that he is
 5 saying, (b)(4)
 6 (b)(4) That all
 7 would make sense. I would read that as (b)(4)
 8 (b)(4)
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5 Q (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 (b)(3):7 U.S.C. (b)(7)(C) ?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15 EXAMINATION BY MR. SMITH:
 16 Q (b)(4)
 17 (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23
 24
 25

1 Nowak
 2 it. Do you follow what I'm saying?
 3 Q Yes.
 4 (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8
 9
 10
 11 Q (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20 Q (b)(4) ?
 21 A Yes.
 22 Q (b)(4)
 23 (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 (b)(4) (b)(7)(C) (b)(4)
 8 (b)(4)
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22 (b)(4) (b)(7)(C) (b)(4)
 23 (b)(4)
 24 EXAMINATION BY MS. RYALL:
 25 Q (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 Q Going down a couple of lines to
 14 12:44:35.
 15 A Okay.
 16 Q (b)(7)(C) says,
 17 (b)(4)
 18 (b)(4)
 19 A Okay.
 20 Q (b)(4)
 21 (b)?
 22 A (b)(4)
 23 Q What does that mean?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 be confusing, so I don't want to
 3 confuse the record on this.
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 EXAMINATION BY MS. RYALL:
 12 Q Here it sounds like (b)(7)(C)
 13 wanted (b)(7)(C) (b)(4)
 14 (b)(4)
 15 A (b)(4)
 16 Q Then (b)(7)(C) says,
 17 (b)(4)
 18 (b)(4)
 19 A (b)(4) (b)(7)(C)
 20 (b)(4)
 21 Q (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24 (b)(4) (b)(7)(C) (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 Q (b)(4)
 6 (b)(4)
 7 (b)(4) ?
 8 A It could be, yes.
 9 Q Let's skip to the Bates number
 10 ending 216, the fourth line down at
 11 16:10:37, (b)(7)(C) says, (b)(4)
 12 (b)(4)
 13 A Yes.
 14 Q Do you know who (b)(3) is?
 15 A That was a client out of London,
 16 but I'm not sure what it stands for.
 17 Q (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 MR. RAISLER: I think this may

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 Q Okay.
 7 A (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4) (b)(7) (b)(4)
 11 (b)(4) (b)(7) (b)(4)
 12 (b)(4) (b)(7) (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 Q (b)(7)(C) (b)(4)
 19 (b)(4) (b)(7)(C)
 20 (b)(7)(C) (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 (b)(4) (b)(7)(C)
 4 (b)(7)(C) (b)(4)
 5 EXAMINATION BY MR. SMITH:
 6 Q (b)(4) (b)(7)(C)
 7 (b)(7)(C) (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13
 14 EXAMINATION BY MS. RYALL:
 15 Q (b)(4)
 16 (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5 Q Was it somebody's job to check
 6 on that?
 7 A (b)(4)
 8 (b)(4)
 9
 10 Q Did anybody have a
 11 responsibility to check on it?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18
 19 Q (b)(4)
 20 (b)(4) ?
 21 A (b)(4)
 22 (b)(4)
 23
 24 Q Finally, in the last page of
 25 this exhibit, 218, just at the very top

1 Nowak
 2 (b)(4)
 3
 4 EXAMINATION BY MR. HAYECK:
 5 Q (b)(4)
 6 (b)(4)
 7
 8
 9 (b)(4) ?
 10 A (b)(4)
 11 (b)(4)
 12
 13 Q Who would be a check on that?
 14 A (b)(4)
 15 (b)(4)
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(7)(C) says, (b)(4)
 3 (b)(4)
 4 A What page?
 5 Q Last page, 218, the very top.
 6 A Okay.
 7 Q It says, (b)(4)
 8 (b)(4)
 9
 10 (b)(4) ?
 11 A (b)(4)
 12 Q (b)(4)
 13 (b)(4) ?
 14 A (b)(4)
 15 MR. RAISLER: Would this be a
 16 good time to take a break?
 17 MS. RYALL: Sure. Off the
 18 record.
 19 (Whereupon, a recess was taken.)
 20 MS. RYALL: Can you mark this,
 21 please.
 22 (Instant message exchange was
 23 marked as Commission's Exhibit 26 for
 24 identification, as of this date.)
 25 MS. RYALL: Exhibit 26 is a

1 Nowak
 2 five-page exhibit. The first page is
 3 Bates numbered JPM-AG 00060987.
 4 THE WITNESS: Okay.
 5 Q Are you ready?
 6 A Yes.
 7 Q Do you recognize what this
 8 document is?
 9 A This is an instant Bloomberg
 10 between (b)(7)(C) and (b)(7)(C).
 11 Q What's the date?
 12 A September 18, 2008.
 13 Q Directing your attention to the
 14 first page at 13:06:03, (b)(7)(C)
 15 says, (b)(4)
 16 (b)(4)
 17 Do you understand what he is
 18 talking about there?
 19 A (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 Q (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25 Q What does that mean, (b)(4)

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4)
 9 (b)(4) ?
 10 A (b)(4)
 11 Q (b)(4)
 12 (b)(4) ?
 13 A Yes.
 14 Q (b)(4) ?
 15 A Yes.
 16 Q Do you know what it is?
 17 A Yes.
 18 Q What is it?
 19 A (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 Q (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4) ?
 4 A Yes.
 5 Q Moving down a few lines, at
 6 13:15:09, (b)(7)(C) (b)(7)(C), are
 7 you familiar with him?
 8 A Yes.
 9 Q How do you know him?
 10 A He is the forward trader at
 11 (b)(7)(C), (b)(7)(C).
 12 He's been in the market a long time.
 13 Q Do you deal with him at all in
 14 your trading?
 15 A Not directly.
 16 Q Do you ever have communications
 17 with him directly?
 18 A Not in many years.
 19 Q And does Mr. (b)(7)(C) have a lot
 20 of contact with him to your knowledge?
 21 A I know he has some. I don't
 22 know the extent of it.
 23 Q Do you know whether they are
 24 friendly personally?
 25 A No, I'm not sure if they like

1 Nowak
 2 each other or don't. I can't figure it out.
 3 It goes both ways sometimes.
 4 Q Do you know whether they
 5 socialize?
 6 A At market functions I have seen
 7 them talk. I don't know if they see each
 8 other outside of market functions.
 9 Q And from the times that are on
 10 here, can you tell what time zone this one
 11 is in?
 12 A This is going to be London as
 13 well.
 14 Q Why is that?
 15 A Beginning, you have (b)(7)(C)
 16 signing in at 10:20:27, which is 5:20 a.m.
 17 Q 5:20 a.m. New York time?
 18 A Which is right when he wakes up
 19 usually, and he'll log in. I don't know if
 20 it's exactly when he wakes up, but, you
 21 know.
 22 Q So he normally checks in
 23 immediately?
 24 A Yes, oh, yes.
 25 Q Do you do that?

1 Nowak
 2 A Not as early as he does, but I
 3 usually do check, yes. And then the time
 4 they kind of sign off --
 5 Q On the last page, 991?
 6 A Yes, which is 17:53, which is --
 7 actually, it's not clear I guess on the
 8 signing off, because that could be -- it's
 9 theoretical that (b)(7) could be here late, 4
 10 o'clock. Usually he leaves about four. I
 11 can probably say with 98 percent certainty
 12 that this is London time.
 13 Q What time does he usually arrive
 14 at work in New York?
 15 A (b)(7)?
 16 Q (b)(7)(C)
 17 A 6:30, 6:45 usually. I don't
 18 know exactly, because he gets in before I
 19 do.
 20 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 21 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24 Q What does (b)(4) mean?
 25 A (b)(4)

1 Nowak
 2 this doesn't totally make sense to me. I
 3 don't really understand it that way.
 4 Q (b)(4)
 5 (b)(4)
 6 (b)(4) ?
 7 A No.
 8 Q (b)(4)
 9 (b)(4)
 10 (b)(4) ?
 11 A I'm trying to see if I can
 12 figure anything out. Give me one more
 13 second. It could mean a couple of different
 14 things.
 15 Q Which are?
 16 A (b)(4)
 17 (b)(4)
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5
 6
 7 Q (b)(3):7 U.S.C. §12
 8 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 9 (b)(3):7 U.S.C. ?
 10 A (b)(4)
 11 (b)(4)
 12 Q So on the first page again, 987,
 13 I'm going to go back to 13:15:09, (b)(7)(C)
 14 (b)(7)(C) says, (b)(4)
 15 (b)(4)
 16
 17
 18
 19 Do you understand what he is
 20 talking about there?
 21 A This is now starting to get a
 22 little away from my expertise really. I
 23 know they're generally talking about
 24 (b)(4)
 25

1 Nowak
 2 Q (b)(4) ?
 3 A (b)(4)
 4 Q What does that mean?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9 Q On the beginning of the next
 10 page, 988, it actually starts on the
 11 previous page, (b)(7)(C) says, (b)(4)
 12 (b)(4)
 13 (b)(4)
 14
 15
 16 (b)(4) ?
 17 A Correct.
 18 Q (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 (b)(4)
 22
 23 Q In your experience, what would
 24 cause that, market conditions? What would
 25 cause that?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 MR. RAISLER: (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4) ?
 11 THE WITNESS: (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 Q If I can turn your attention to
 22 page ending 990, about a third of the way
 23 down at 15:44:29, (b)(7)(C) says, (b)(3):7
 24 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3):7 U.S.C. §12 (CEA); (b)(4)

1 Nowak
 2 about (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4). But the problem is I
 6 don't understand what the first part says,
 7 so therefore, this kind of gets confusing in
 8 the second half.
 9 Q (b)(4)
 10 (b)(4) ?
 11 A That's the flaw, that's what I
 12 don't understand about it. That's kind of
 13 an illogical sentence to me unless there is
 14 something there that I'm misunderstanding,
 15 but I can't figure this one out.
 16 Q Going to the last page of this
 17 exhibit, page 991, the last two passages.
 18 (b)(7)(C) says, (b)(4)
 19 (b)(4)
 20 (b)(4) (b)(7)(C) says, (b)(4)
 21 (b)(4)
 22 A I might have to go back a little
 23 bit to see if I can put this into context.
 24 The problem is that this passage starts with
 25 things that don't make sense.

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3) (b)(7)(C) (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 4 A No, (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6 Q Further down on that page
 7 starting at 16:46:41, Mr. (b)(7)(C) says,
 8 (b)(4)
 9 (b)(4) And (b)(7)(C) replies,
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 What does that mean to you?
 14 A The first statement makes sense,
 15 that says, (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 Q The part that says, (b)(4)
 22 (b)(4) what could
 23 that mean?
 24 A If you are asking what it could
 25 mean it could mean that they are talking

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4) that doesn't make sense.
 6 I don't know what that means.
 7 Q What does (b)(4)
 8 (b)(4) mean?
 9 A It doesn't make sense to me. I
 10 don't know.
 11 Q Do you understand (b)(4)
 12 (b)(4) ?
 13 A Not really. I mean those
 14 individual words mean stuff. (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 EXAMINATION BY MR. SMITH:
 23 Q Do you know what they are doing
 24 generally here? (b)(4)
 25 (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17 EXAMINATION BY MS. RYALL:
 18 Q Going back to the second page,
 19 988.
 20 A Okay.
 21 Q (b)(7)(C) says, (b)(4)
 22 (b)(4)
 23
 24
 25 Then (b)(7)(C) says, (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5 (b)(4) ?
 6 A No. I don't actually even
 7 necessarily think that the two comments are
 8 related, believe it or not.
 9 Q (b)(4)
 10 (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13
 14 Q As I said that I was suddenly
 15 recalling.
 16 A (b)(4)
 17 EXAMINATION BY MR. SMITH:
 18 Q What was going on?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23
 24
 25 EXAMINATION BY MS. RYALL:

1 Nowak
 2 Q The financial crisis in 2008?
 3 A It was the financial crisis
 4 peak, right around that time.
 5 MS. RYALL: Let's mark this,
 6 please.
 7 (Instant message exchange was
 8 marked as Commission's Exhibit 27 for
 9 identification, as of this date.)
 10 MS. RYALL: For the record, this
 11 is an eight-page exhibit. The first
 12 page is marked with Bates number JPM-AG
 13 00106037.
 14 THE WITNESS: Okay.
 15 Q This is Exhibit No. 27. Again,
 16 do you recognize what this document is?
 17 A It's an instant Bloomberg
 18 message between (b)(7)(C) and (b)(7)(C)
 19 (b)(7)(C).
 20 Q At the very top it's dated
 21 October 19, 2008.
 22 A Yes.
 23 Q (b)(7)(C), where is his
 24 usual office?
 25 A London.

1 Nowak
 2 Q Can you tell from their
 3 conversation and the time stamps what time
 4 zone these time stamps are in?
 5 A London.
 6 Q London?
 7 A London.
 8 Q Why do you say that?
 9 A Because (b)(7)(C) at the very end
 10 leaves at 17:08, which would be 5:08 his
 11 time, which makes sense about, what time he
 12 would normally leave.
 13 Q And on the first page, 037, if I
 14 can direct your attention to the time
 15 9:52:55.
 16 A Okay.
 17 Q And (b)(7)(C) is responding
 18 to (b)(7)(C)'s question, (b)(4)
 19 (b)(4)
 20 A Yes.
 21 Q It says, (b)(4)
 22 (b)(4)
 23 A Yes.
 24 Q What do those numbers represent?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 Q And (b)(4) means --
 8 A (b)(4)
 9 (b)(4)
 10 Q (b)(4)
 11 (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17 Q A couple of lines down at
 18 9:54:13 (b)(7)(C) says, (b)(4)
 19 (b)(4) What does that mean?
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25

1 Nowak
 2 Q The next page ending 038, almost
 3 in the middle at 9:56:52, (b)(7)(C)
 4 says, "I am waiting to speak to Bournemouth,"
 5 B-O-U-R-N-O-U-T-H, "later about it, too."
 6 And then he says, (b)(4)
 7 (b)(4)
 8 Do you know what he's talking
 9 about there?
 10 A Bournemouth is a typo for
 11 Bournemouth, which is where our mid office
 12 people work.
 13 Q Is that a city?
 14 A It's a city in England.
 15 Q It's the middle office?
 16 A Yes. A lot of our support
 17 functions work out of there (b)(4)
 18 (b)(4)
 19 Q He says, (b)(4)
 20 (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4) ?
 25 A It doesn't really say.

1 Nowak
 2 (b)(4)
 3
 4 Q (b)(4) ?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15 EXAMINATION BY MR. SMITH:
 16 Q (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19 EXAMINATION BY MS. RYALL:
 20 Q He's saying (b)(4)
 21 (b)(4)
 22 (b)(4) ?
 23 A Correct. (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 Q (b)(7)(C) says something
 3 about (b)(4)
 4 (b)(4)
 5 A (b)(4)
 6 (b)(4)
 7 Q So you can't tell from this
 8 conversation what he is referring to?
 9 A Not 100 percent, no, I can't.
 10 (b)(4)
 11
 12 Q Moving to the page ending 039,
 13 at the top at 11:11:51 (b)(7)(C) says,
 14 (b)(4) Do
 15 you know what he's referring to ?
 16 A (b)(4)
 17 Q (b)(4) ?
 18 A Yes.
 19 Q Why does he call it that?
 20 A (b)(4)
 21 (b)(4)
 22
 23 Q (b)(4) ?
 24 A So that refers to -- (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 Q (b)(4) ?
 10 A So I would read this to read --
 11 this would mean (b)(4)
 12 (b)(4)
 13 Q Further down that page at
 14 12:35:31, (b)(7)(C) says, (b)(4)
 15 (b)(4)
 16
 17
 18 Do you understand what he is
 19 talking about in that sentence?
 20 A Parts I do.
 21 Q Okay.
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 he is doing (b)(4)
 3 (b)(4)
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14 Q (b)(4)
 15 (b)(4)
 16
 17 COMEX?
 18 A (b)(4)
 19 EXAMINATION BY MR. SMITH:
 20 Q He is (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q Did you say (b)(4) ?
 7 A (b)(4)
 8 (b)(4)
 9
 10
 11 Q Okay.
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18 Q What's (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23 Q That's separate from the (b)(4)
 24 that he is mentioning here?
 25 A So the first half I can -- what

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 EXAMINATION BY MS. RYALL:
 10 Q (b)(4) ?
 11 A (b)(4)
 12 (b)(4)
 13 Q (b)(4) ?
 14 A Yes, (b)(4)
 15 Q (b)(4)
 16 (b)(4)
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21 (b)(4) It could go
 22 either way on that.
 23 Q (b)(4) ?
 24 A (b)(4)
 25 Q (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 And (b)(4) I have no idea
 4 what he means by that. BS, I have no idea.
 5 Q What would you take (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q You don't know (b)(4)?
 12 A No. That was years before I was
 13 at Bear Stearns.
 14 EXAMINATION BY MR. SMITH:
 15 Q (b)(4)
 16 (b)(4)?
 17 A (b)(4)
 18 (b)(4)
 19 EXAMINATION BY MS. RYALL:
 20 Q (b)(4)?
 21 A (b)(4)
 22 Q Going to the next page, 040, at
 23 the very bottom at 14:53:18, if you can read
 24 from that line where he says, (b)(4)
 25 through to the next page, the first quarter

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4) (b)(7)(C)
 9 (b)(4) (b)(7)(C) (b)(3):7 U.S.C. §12 (CEA);
 10 (b)(3):7 U.S.C. §12 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 Q Where he says (b)(3):7 U.S.C. §12
 16 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17 (b)(4)
 18 (b)(3):7 U.S.C. §12?
 19 A That part does actually make
 20 sense. (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 of the next page.
 3 A Okay. This is confusing.
 4 Q Read down to about 15:01:40.
 5 A Okay.
 6 Q Do you understand what they are
 7 talking about there?
 8 A Mostly no, but some of it.
 9 Q Can you tell me what you do
 10 understand.
 11 A Sure. (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 12 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(7)(C) (b)(3):7 U.S.C. §12 (CEA);
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C) (b)(3):7
 24 (b)(3):7 U.S.C. §12 (CEA); (b)(4) and (b)(7)(C) is (b)(3):7
 25 (b)(3):7 U.S.C. §12

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4) (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 Q What do you take (b)(4)
 19 (b)(4)?
 20 A (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15 Q So (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 16 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 17 A Right.
 18 Q Because?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23
 24
 25

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5 Q Then he says, (b)(4)
 6 (b)(4) Do you understand
 7 that?
 8 A No.
 9 Q A couple of lines down at
 10 14:59:36, Mr. (b)(7)(C) says, (b)(4)
 11 (b)(4)
 12
 13 Do you understand that?
 14 A The first one I do, the second
 15 one I don't.
 16 Q What does the first one mean to
 17 you?
 18 A (b)(4)
 19 (b)(4)
 20
 21
 22
 23
 24 Q What would normally (b)(4)
 25 (b)(4) refer to?

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 Q Does it refer generally to
 10 (b)(4)
 11 (b)(4) ?
 12 A That's kind of a -- I don't know
 13 if I would necessarily say that's exactly --
 14 no, I would rather stick with my kind of
 15 explanation, which may be convoluted and
 16 long.
 17 Q On the top of the next page
 18 continuing that same line, it says, (b)(4)
 19 (b)(4)
 20
 21 A Yes.
 22 Q What is (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25 Q (b)(4) ?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5
 6
 7
 8
 9
 10
 11
 12 Q Further down on that page near
 13 the bottom at 15:45:52, (b)(7)(C) says,
 14 "I can take (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 15 A Okay.
 16 Q It sounds to me like he is
 17 (b)(4) (b)(7)(C)
 18 A Yes.
 19 Q Do they do that?
 20 A They can, because (b)(7)(C) (b)(4)
 21 (b)(4)
 22
 23
 24
 25 Q So they are (b)(4)

1 Nowak
 2 (b)(4) ?
 3 A (b)(4)
 4 (b)(4)
 5 Q The top of next page ending in
 6 042, very first line at 15:49:44, (b)(7)(C)
 7 (b)(7)(C) says, (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 8 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 9
 10 What do you understand that to
 11 mean?
 12 A (b)(4)
 13 (b)(4)
 14 (b)(4) (b)(7)(C)
 15 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 16
 17 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C) (b)(3):7 U.S.C. §12
 18 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(7) (b)(3):7
 19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20
 21
 22 Q (b)(4)
 23 (b)(4) ?
 24 A I'm really not sure what he
 25 means by that.

1 Nowak
 2 next one, Exhibit 28.
 3 (Instant message exchange was
 4 marked as Commission's Exhibit 28 for
 5 identification, as of this date.)
 6 MS. RYALL: We're back on the
 7 record.
 8 EXAMINATION BY MS. RYALL:
 9 Q I have handed you what has been
 10 marked as Exhibit 28. It's a five-page
 11 exhibit, and on the first page the Bates
 12 number is JPM-AG 00137848.
 13 Have you had a chance to look at
 14 that?
 15 A Yes.
 16 Q What is that document?
 17 A That's an instant Bloomberg
 18 between (b)(7)(C) and (b)(7)(C), and
 19 it's 1/11/09.
 20 Q Can you tell the zone is base on
 21 what you read?
 22 A I can assume it's London based
 23 on every other one, but let me make sure.
 24 Yes, London.
 25 Q Why do you say that?

1 Nowak
 2 Q (b)(4)
 3 A That part means (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5
 6
 7
 8 Q (b)(4)
 9 (b)(4)
 10 (b)(4) (b)(7)(C) ?
 11 A Yes, (b)(4)
 12 (b)(4)
 13
 14
 15
 16 MS. RYALL: It's almost
 17 1 o'clock. We do have a few more
 18 e-mails and some more questions. Do
 19 you guys want to stop at one for lunch?
 20 MR. RAISLER: Yes, that probably
 21 makes sense.
 22 MR. HAYECK: We can stop now.
 23 (Whereupon, a luncheon recess
 24 was taken.)
 25 MS. RYALL: This will be the

1 Nowak
 2 A (b)(7) joins in the room and starts
 3 talking around 6, 7 o'clock in the morning,
 4 which is 11 or 12:00 p.m. London time, and
 5 that's the time he normally.
 6 Q Let me direct your attention to
 7 a line in the middle of the first page at
 8 11:44:44.
 9 A Okay.
 10 Q (b)(7)(C) says, (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 12 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14
 15
 16
 17
 18
 19 Q The very last statement on this
 20 statement page, at 11:46:53 (b)(7)(C)
 21 says, (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23
 24 A Yes.
 25 Q Do you know what he's talking

1 Nowak
 2 about in this line?
 3 A I can translate it, but I don't
 4 know what he is saying. It says (b)(3);7 U.S.C.
 5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 6
 7
 8 MR. RAISLER: That's good.
 9 Q (b)(4) ?
 10 A (b)(4)
 11 (b)(4)
 12 Q (b)(4)
 13 (b)(4)
 14 If you go to the page, the
 15 second to last page ending 851, the last
 16 statement on here at 16:07:55 (b)(7)(C)
 17 (b)(7)(C) says, (b)(4)
 18 A (b)(4)
 19 Q (b)(4) Do you know
 20 what he's talking about?
 21 A No, not at all.
 22 Q You can't tell from the rest of
 23 the conversation?
 24 A It looks like we are talking
 25 about a restaurant meeting. I do remember

1 Nowak
 2 going out to dinner at this place though,
 3 because I don't know what he means by
 4 (b)(4)
 5
 6
 7
 8 MS. RYALL: That's all for that.
 9 Mark this as number 29, please.
 10 (Instant message exchange was
 11 marked as Commission's Exhibit 29 for
 12 identification, as of this date.)
 13 Q I'm handing you what has been
 14 marked as Exhibit 29. Please take a look at
 15 that.
 16 A Sure.
 17 MS. RYALL: It's a four-page
 18 exhibit, and at the bottom of the first
 19 page the Bates number is JPM-AG
 20 00217633.
 21 THE WITNESS: Okay.
 22 Q Ready?
 23 A Yes.
 24 Q Do you recognize what this
 25 document is?

1 Nowak
 2 A Yes. It's an instant Bloomberg
 3 between (b)(7)(C) and someone named
 4 (b)(7)(C), who I'm actually not familiar
 5 with from January 22, 2009.
 6 Q And it says on here that (b)(7)(C)
 7 (b)(7)(C) is from (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 8 A Yes, it does say that.
 9 Q Is that someone that J.P. Morgan
 10 deals with in metals?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15 Q (b)(7)(C) you have never
 16 communicated with yourself?
 17 A No.
 18 Q Have you heard of him?
 19 A No.
 20 Q I direct your attention to the
 21 line on the first page that's timed
 22 13:49:54. (b)(7)(C) says, (b)(3);7
 23 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 24
 25

1 Nowak
 2 Do you understand what he is
 3 saying there?
 4 A Parts of it. So he (b)(3);7 U.S.C.
 5 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 6
 7
 8 Q (b)(4) ?
 9 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 10 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 11 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 12 (b)(3)?
 13 A (b)(4)
 14 (b)(4)
 15
 16 (b)(4) I'm not sure. That's not
 17 very clear at all.
 18 Q When he says (b)(4)
 19 (b)(4)
 20 (b)(4) ?
 21 A Usually when he says (b)(4)
 22 (b)(4)
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4 Q A couple of lines down (b)(7)(C)
 5 (b)(7) says, (b)(4)
 6 A Okay.
 7 Q And then on the next page just
 8 under the middle at 14:27:37 (b)(7)(C)
 9 says, (b)(4)
 10 (b)(4) It sounds to me as if
 11 (b)(7)(C) is telling (b)(7)(C)
 12 (b)(4) (b)(7)(C) (b)(4)
 13 (b)(4)?
 14 A First of all, I guess there are
 15 two parts to it. (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21 Q If it was about that, was that
 22 permissible?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 heard that phrase. If it is it's not one
 3 I'm familiar with.
 4 Q Going to the line that's timed
 5 14:30:51.
 6 A Okay.
 7 Q Near the bottom of that page
 8 (b)(7)(C) says, "Okay, not the end
 9 of the world for what it's worth. (b)(4)
 10 (b)(4)
 11
 12 Do you know what he's talking
 13 about there?
 14 A I don't know what he's talking
 15 about, (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21 Q On the next page ending in Bates
 22 number 635, right in the middle at 14:57:54,
 23 (b)(7)(C) says, "DGC, (b)(7)"
 24
 25 Do you know what that means?

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q At the top of the first page,
 7 second page, I'm sorry, which end in Bates
 8 634, (b)(7)(C) says, (b)(3):7 U.S.C. §12
 9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 Can you tell me what that means?
 11 A It means that (b)(3):7 U.S.C. §12 (CEA);
 12 (b)(3):7 U.S.C. §12 (CEA); (b)(4) I don't know
 13 what that means.
 14 Q You can't tell what he's talking
 15 about based on this conversation?
 16 A No. I can't really -- this
 17 conversation is very, very difficult for me
 18 to follow as compared to all the other ones.
 19 It's not really a flow that I am used to.
 20 Q Right under that line I just
 21 mentioned they're talking about sauce, and
 22 (b)(7)(C) says, "I just poured sauce all over my
 23 desk." Is that another phrase that gets
 24 thrown around the office?
 25 A What's interesting, I've never

1 Nowak
 2 A That was the one, no, I have
 3 absolutely no idea. I was laughing when I
 4 was reading through it. I was trying to
 5 figure out what that could have meant. I
 6 have never seen that before either.
 7 Q Then he talks about (b)(4)
 8 (b)(4)
 9
 10 A (b)(4)
 11 Q (b)(4)
 12 A I would love to know what that
 13 means. I have no idea.
 14 EXAMINATION BY MR. HAYECK:
 15 Q You said generally it's okay,
 16 pardon me if I'm misstating, it's (b)(4)
 17 (b)(4)
 18 (b)(4)?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10 Q (b)(4)
 11 (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4) ?
 15 Q (b)(4)
 16 (b)(4) ?
 17 A (b)(4)
 18 (b)(4)
 19
 20
 21
 22
 23
 24 Q (b)(4)
 25 (b)(4) ?

1 Nowak
 2 (b)(4)
 3
 4
 5 (b)(7)(C) 's (b)(4)
 6 (b)(4)
 7
 8 EXAMINATION BY MS. RYALL:
 9 Q Has that happened?
 10 A No.
 11 EXAMINATION BY MR. HAYECK:
 12 Q What about (b)(4)
 13 (b)(4)
 14 (b)(4) ?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4
 5
 6
 7
 8
 9
 10
 11 Q Is there any way you can better
 12 describe that spectrum for us, pick an
 13 example, an extreme example that it wouldn't
 14 be okay?
 15 A Sure, I can do that. (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 Q (b)(4)
 8 (b)(4)
 9
 10
 11 (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12
 13 Q (b)(4)
 14 (b)(4)
 15 (b)(4) ?
 16 A (b)(4) ?
 17 Q (b)(4)
 18 (b)(4)
 19 A (b)(4)
 20 Q (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 Q (b)(4)
 24 (b)(4)
 25 A (b)(4)

1 Nowak
 2 Q For the record, I just want to
 3 get out a whole question.
 4 A (b)(4)
 5 Q (b)(4)
 6 (b)(4)
 7
 8
 9 (b)(4) ?
 10 A (b)(4)
 11 MS. RYALL: This will be 30.
 12 (Instant message exchange was
 13 marked as Commission's Exhibit 30 for
 14 identification, as of this date.)
 15 MS. RYALL: I'm handing you what
 16 has been marked Exhibit 30. Just take
 17 a few minutes to review that. That's a
 18 three-page exhibit with the Bates
 19 number on the first page JPM-AG
 20 00217759.
 21 THE WITNESS: Okay.
 22 Q Do you recognize what this
 23 document is?
 24 A It's an instant Bloomberg
 25 between (b)(7)(C), who works on the desk,

1 Nowak
 2 and (b)(7)(C) from (b)(3);7 U.S.C. §12
 3 I'm not familiar with, and it's from (CEA); (b)(4)
 4 January 23, 2009.
 5 Q Can you tell what time zone they
 6 are in?
 7 A It's going to be London once
 8 again.
 9 Q Why do you say that?
 10 A Because (b)(7)(C) would not
 11 be at work at 6:03 p.m.
 12 Q You are looking at the last
 13 page?
 14 A Yes.
 15 Q Second to last one where it says
 16 18:03:38?
 17 A Correct.
 18 Q And does your group do business
 19 with (b)(3);7 U.S.C. §12
 20 A (b)(4) ?
 21 Q Can you quantify how much
 22 business you do?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(4)
 3 Q You don't personally know who
 4 (b)(7)(C) is?
 5 A I don't.
 6 Q You never communicated with him?
 7 A Not as far as I am aware, no.
 8 Q Do you know if he is friendly
 9 with (b)(7)(C)?
 10 A I don't know.
 11 Q What kind of trading activity
 12 does your group usually do with (b)(3);7 ?
 13 A (b)(4)
 14 (b)(4)
 15
 16 Q And just starting from the first
 17 page and reading to the second page, about
 18 halfway down, could you tell me what they
 19 are talking about?
 20 A Like most of the stuff, I can
 21 help on some.
 22 Q Okay.
 23 A In the 14:50:04, (b)(7)(C) says he
 24 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 25

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5 Q In your experience, (b)(4)
 6 (b)(4) (b)(7)(C)
 7 (b)(7)(C)?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12 EXAMINATION BY MR. SMITH:
 13 Q Do you know (b)(4)
 14 (b)(4)?
 15 A No.
 16 EXAMINATION BY MR. HAYECK:
 17 Q Why do you think (b)(4)
 18 (b)(4)?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23 EXAMINATION BY MS. RYALL:
 24 Q In your experience, what does
 25 (b)(4) mean?

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4 Q What does the (b)(3):7 U.S.C. refer to?
 5 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 7
 8 Q And would this be (b)(3):7 U.S.C. §12 (CEA); (b)(4)?
 9 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 A (b)(4)
 11 (b)(4)
 12 Q Where do you (b)(4)
 13 (b)(4)
 14
 15
 16
 17 A (b)(4)
 18 (b)(4)
 19
 20 (b)(4) (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(4)
 21 (b)(4)
 22
 23 (b)(4) (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 A I'm not sure. (b)(4)
 3 (b)(4)
 4
 5 Q What would you (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 (b)(4)
 9 Q And below that (b)(7)(C)
 10 says, "Can I get a strike?" And two lines
 11 down (b)(7)(C) says, (b)(4)
 12 (b)(4)
 13 (b)(4) (b)(7)(C)?
 14 A It could be, but I don't know.
 15 Q On that same line he says
 16 something about a big (b)(3):7 U.S.C. §12 (CEA);
 17 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 18
 19 Do you know what he's talking
 20 about there?
 21 A Yes, that (b)(3):7 U.S.C. §12 (CEA);
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23
 24
 25

1 Nowak
 2 Q So where would in that example
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4 (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20 Q (b)(4)
 21 (b)(4)?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4)
 5 (b)(7)(C) (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20 Q How is that (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 What does that mean?
 3 A I'm not sure.
 4 Q What does (b)(4) mean?
 5 Does that make any sense?
 6 A Not really.
 7 EXAMINATION BY MR. HAYECK:
 8 Q Have you ever heard (b)(4)
 9 (b)(4) ?
 10 A That sounds generally familiar,
 11 but it's not really -- I don't know, it's
 12 not a -- I don't really use it too much.
 13 That does ring a bell, yes.
 14 Q Is it a term you would use?
 15 A No.
 16 EXAMINATION BY MS. RYALL:
 17 Q I'm going to the paragraph at
 18 17:28:04, if you can read over that, what
 19 (b)(7)(C) wrote.
 20 A Okay.
 21 Q The first question is he says,
 22 "Dude, I'm long (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(3):7 ...
 24 A Okay.
 25 Q What does that mean?

1 Nowak
 2 (b)(4)
 3 Q (b)(4) ?
 4 A (b)(4)
 5 (b)(4)
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17 Q (b)(4)
 18 (b)(4)
 19 (b)(4) ?
 20 A (b)(4)
 21 Q Looking at the very bottom of
 22 this page, at 14:53:52.
 23 A Yes.
 24 Q (b)(7)(C) says, (b)(4)
 25 (b)(4)

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 Q That's \$12?
 5 A (b)(4)
 6 Q 2,000 lots, is that something
 7 you would expect (b)(7)(C) to be
 8 trading?
 9 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 10 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11
 12
 13
 14
 15
 16 Q What is he talking about in the
 17 rest of this paragraph?
 18 A So he says, (b)(3):7 U.S.C. §12
 19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3):7 U.S.C. §12 (CEA); (b)(4) That's pretty
 21 self explanatory. (b)(3):7 U.S.C. §12 (CEA);
 22 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 23
 24
 25

1 Nowak
 2 Q Who is the person on the floor
 3 that you guys deal with?
 4 A I use (b)(7)(C)
 5 Q We touched on that yesterday.
 6 A (b)(4)
 7 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 8
 9 Q (b)(3):7 U.S.C. ?
 10 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 Q And (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 5 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 6 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 7 A (b)(4)
 8 (b)(4)
 9 Q (b)(4)
 10 (b)(4)
 11
 12 (b)(4) ?
 13 A No.
 14 Q No (b)(4) ?
 15 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 16 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17
 18
 19
 20 Q If he was (b)(4)
 21 (b)(4)
 22 (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(4)
 14
 15
 16 Q Further down at 17:43:36,
 17 (b)(7)(C) says (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 18 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 19
 20 Is he talking about (b)(4) ?
 21 A Where is this?
 22 Q 17:43:36.
 23 A (b)(4)
 24 Q Is he talking about (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 EXAMINATION BY MR. HAYECK:
 4 Q The next line down there at
 5 17:49:07.
 6 A Okay.
 7 Q Just review that, and it refers
 8 to (b)(4) (b)(7)(C)
 9 A That actually says "when you get
 10 a sec call." When you get a second call
 11 (b)(7)(C), whoever that is, (b)(4)
 12 (b)(4)
 13 You got me on that one, but it's not SEC as
 14 in Security And Exchange Commission. It's
 15 sec as in second.
 16 Q Do you know who (b)(7)(C) is?
 17 A No.
 18 Q And the following line says,
 19 (b)(7)(C) says, makes reference to a
 20 (b)(4) Do you know
 21 what that means?
 22 A Absolutely no idea. It's funny
 23 though.
 24 EXAMINATION BY MS. RYALL:
 25 Q Did you ever hear (b)(7)(C)

1 Nowak
 2 referred to as (b)(4)?
 3 A No, that's one I'm not familiar
 4 with.
 5 EXAMINATION BY MR. SMITH:
 6 Q Does (b)(7)(C) (b)(4)
 7 (b)(4)?
 8 A I'm sorry?
 9 Q (b)(4)
 10 (b)(4)?
 11 A (b)(4)?
 12 Q (b)(4)
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20 Q The last stack. We will have
 21 this marked as the next exhibit, No. 31.
 22 A What was the date of the one we
 23 just looked at?
 24 Q On Exhibit 30 it was January 23,
 25 2009.

1 Nowak
 2 (b)(4) that must mean it's about 2:00 or 2:30
 3 in the afternoon, New York time, which
 4 corresponds to 19:36:55, which is 2:30 in
 5 the afternoon New York time.
 6 Q On the very first page at
 7 13:46:27.
 8 A Okay.
 9 Q Could you explain to me what
 10 he's talking about there?
 11 A He is talking about (b)(3):7 U.S.C.
 12 (b)(3):7 U.S.C. §12 (CEA); (b)(4).
 13 Q What does (b)(4)
 14 mean to you?
 15 A (b)(4)
 16 (b)(4) I shouldn't be speculating
 17 on general English language stuff, but I can
 18 say that with pretty high confidence that's
 19 what he is saying there. (b)(4)
 20 (b)(4)
 21 Q He says they are (b)(4)
 22 (b)(4)
 23 A That means (b)(4)
 24 (b)(4)
 25 Q Why would he (b)(4)

1 Nowak
 2 A Okay.
 3 (Instant message exchange was
 4 marked as Commission's Exhibit 31 for
 5 identification, as of this date.)
 6 MS. RYALL: This is a four-page
 7 exhibit. At the bottom right-hand
 8 corner of the first page it has the
 9 Bates number JPM-AG 00218164.
 10 THE WITNESS: Okay.
 11 Q First of all, what do you
 12 recognize this document to be?
 13 A It is an instant Bloomberg
 14 between (b)(7)(C) and (b)(7)(C)
 15 from January 27, 2009.
 16 Q And just looking at the
 17 conversation and the time stamps, what time
 18 zone do you believe this is in?
 19 A It is London.
 20 Q Why do you say that?
 21 A Because they talk about (b)(4)
 22 (b)(4)
 23 Q What page is that?
 24 A On the last page, the third from
 25 the last one. (b)(4)

1 Nowak
 2 (b)(4)?
 3 A (b)(4)
 4 (b)(4)
 5 Q (b)(4)
 6 (b)(4)
 7 (b)(4)?
 8 A (b)(4)
 9 (b)(4)
 10
 11
 12
 13
 14
 15
 16
 17
 18 Q Does it (b)(4)
 19 (b)(4)?
 20 A (b)(4)
 21 (b)(4)
 22 Q On the second page ending 165,
 23 second line down, (b)(7)(C) says at
 24 14:08:41, (b)(4)
 25 (b)(4)

1 Nowak
 2 A Yes.
 3 Q What does (b)(4) mean?
 4 A (b)(4)
 5 (b)(4)
 6 Q (b)(4)
 7 (b)(4) ?
 8 A Yes.
 9 Q (b)(4)
 10 (b)(4) ?
 11 A It's impossible to say (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q The next page ending 166, near
 15 the bottom, at 16:29:11, (b)(7)(C)
 16 says, (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 17 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 18 (b)(4)
 19 Do you understand what he is
 20 talking about there?
 21 A The first part I do. (b)(3);7 U.S.C.
 22 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(3);7 U.S.C. §12. But the second half I'm not as

1 Nowak
 2 What is he talking about there?
 3 A He is discussing (b)(3)
 4 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q What does he mean by (b)(4)
 8 (b)(4) ?
 9 A He is talking about the
 10 (b)(4)
 11 (b)(4)
 12 Q What is he saying would happen?
 13 A (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 Q How would that (b)(4)
 17 (b)(4)
 18 (b)(4) ?
 19 A (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 sure. I don't know what that is.
 3 Q What would happen (b)(4)
 4 (b)(4)
 5 (b)(4) ?
 6 A (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 12 (b)(3);7 U.S.C. (b)(7)(C) (b)(3);7 U.S.C. §12
 13 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 Q So what is he saying here,
 10 (b)(4)?
 11 A (b)(4)
 12 (b)(4)
 13
 14
 15
 16 Q So it seems that he is writing
 17 to (b)(7)(C) (b)(4)
 18 (b)(4)
 19 A (b)(4)
 20 (b)(4)
 21
 22 Q Do you know if this actually
 23 happened, what he's proposing here?
 24 A (b)(3); 7 U.S.C. §12 (CEA); (b)(4)
 25 (b)(3); 7 U.S.C.

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 Q Could you explain to me again,
 10 you kind of touch on it, if he's
 11 (b)(4)
 12 (b)(4)?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20 EXAMINATION BY MR. SMITH:
 21 Q You said Mr. (b)(7)(C) (b)(4)
 22 (b)(4)?
 23 A (b)(4)
 24 (b)(4)
 25 MS. RYALL: We will mark this as

1 Nowak
 2 Q If he had written this to you,
 3 what would your response have been?
 4 A I actually would have said -- (b)(4)
 5 (b)(4)
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 number 32.
 3 (Instant message exchange was
 4 marked as Commission's Exhibit 32 for
 5 identification, as of this date.)
 6 THE WITNESS: Okay.
 7 MS. RYALL: This is a three-page
 8 exhibit, and at the bottom right-hand
 9 corner of the first page it's Bates
 10 stamp number JPM-AG 00220442.
 11 Q Actually, the first page, if you
 12 look at the time stamp 12:52:40, it is in
 13 answer to my earlier question about what DGC
 14 means. It says, "Don't get cocky."
 15 Have you heard (b)(7)(C)
 16 (b)(7)(C) say that before?
 17 A No, that's the first time.
 18 Q Is he known for being cocky?
 19 A I wouldn't say that really, no.
 20 Q Skip to the last page, Bates
 21 number ending 444, start at the time stamp
 22 18:21:07 and read until the end. He starts
 23 out saying, (b)(4)
 24 A Okay.
 25 Q What is he talking about in

1 Nowak
 2 these passages?
 3 A Some of it I understand. First
 4 part, (b)(4)
 5 (b)(4)
 6 EXAMINATION BY MR. HAYECK:
 7 Q Can we start with the previous
 8 entry, just put it in that context.
 9 A To understand that I have to go
 10 back a little bit more. I don't know what
 11 that line ahead of it means.
 12 Q Which line are you referring to?
 13 A 16:58. That doesn't make sense.
 14 Q If you look a few lines 19:45:29
 15 up through 45.
 16 A Okay.
 17 Q Does that provide any context?
 18 A I was look at above actually
 19 because he talks about (b)(4)
 20 (b)(4)
 21
 22
 23
 24
 25

1 Nowak
 2 EXAMINATION BY MS. RYALL:
 3 Q What is he talking about in the
 4 next couple of passages?
 5 A The next thing he says, (b)(4)
 6 (b)(4)
 7
 8 (b)(4) (b)(7)(C)
 9 (b)(7)(C) says. This whole exchange is random,
 10 weird. I don't know what they are saying.
 11 Q At 18:21:51 (b)(7)(C)
 12 says, (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 13 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 14 A Right.
 15 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 16 (b)(3):7 U.S.C. ?
 17 A (b)(4)
 18 (b)(4)
 19 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 21 (b)(3):7 U.S.C. §12 ?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3 Q The second to last line says,
 4 (b)(4)
 5
 6
 7 What does that mean?
 8 A I wish I could tell you that. I
 9 don't know.
 10 Q Did you ever hear (b)(7)(C)
 11 (b)(7)(C) (b)(4) ?
 12 A No.
 13 Q You never heard him say (b)(4) ?
 14 A I have heard him say (b)(4)
 15 (b)(4)
 16
 17
 18 Q Do you know what context he used
 19 it in?
 20 A He was (b)(4)
 21 (b)(4)
 22
 23 Q Did you hear it often from him?
 24 A Here and there.
 25 MS. RYALL: We will mark that as

1 Nowak
 2 Exhibit 33.
 3 (E-mail was marked as
 4 Commission's Exhibit 33 for
 5 identification, as of this date.)
 6 Q I'm handing you what has been
 7 marked as Exhibit 33. It's a one-page
 8 document with a Bates number JPM-AG
 9 00237733. Could you tell me what this is?
 10 A It's an e-mail from (b)(7)(C)
 11 to (b)(7)(C), sent on October 15, 2009.
 12 Q Do you know who (b)(7)(C) is?
 13 A I have heard of him, but I never
 14 met him.
 15 Q Do you know where he works?
 16 A At a hedge fund, but I don't
 17 know what the name of the hedge fund is.
 18 Q Is it a fund that your group
 19 does business with?
 20 A I don't know.
 21 Q Do you know if he is friends
 22 with (b)(7)(C) ?
 23 A I believe they are, yes.
 24 Q You might have mentioned this
 25 earlier, but do the other traders call

1 Nowak
 2 (b)(7)(C) ?
 3 A That's correct.
 4 Q If you read the e-mail from
 5 (b)(7)(C) to (b)(7)(C)
 6 says, "Hold on to your hat today. I have my
 7 lead pipe out in silver."
 8 What does that mean?
 9 A He thinks it's going to go
 10 lower.
 11 Q What does him having a lead pipe
 12 mean?
 13 A I think the terminology
 14 originated from like beating something over
 15 the head with a lead pipe, but it's commonly
 16 used to say you think something is going
 17 lower.
 18 Q Have you heard him say that
 19 before?
 20 A Yes.
 21 Q Do other traders use that term?
 22 A Yes, I have heard that before,
 23 yes.
 24 Q Who else have you heard say
 25 that?

1 Nowak
 2 (b)(4)
 3 (b)(4) (b)(7)(C) (b)(4)
 4 (b)(4)
 5
 6
 7
 8
 9
 10 EXAMINATION BY MR. HAYECK:
 11 Q Have you seen Exhibit 33 before?
 12 A I don't know. It's possible. I
 13 don't remember.
 14 Q Other than with --
 15 A If I did it was with counsel. I
 16 haven't seen it outside of -- it may have
 17 been one of the e-mails they showed me with
 18 counsel, but outside of that, no.
 19 Q Other than with counsel, have
 20 you had any discussions with anyone at J.P.
 21 Morgan about (b)(7)(C)'s use of the
 22 term lead pipe?
 23 A Not that I recall.
 24 MR. RAISLER: Should we take a
 25 short break?

1 Nowak
 2 A I'm not sure, just generally.
 3 Q Do you use that term?
 4 A No. Actually, going back to one
 5 other thing, when you asked me whether or
 6 not I used the term, like actually you asked
 7 me about (b)(4) I should probably clarify.
 8 I should, especially with that, I don't
 9 think I use these words. I am trying to the
 10 best, I should qualify to the best of my
 11 knowledge. It certainly exists the
 12 possibility I have used terms like this, but
 13 I just want to make sure I answer the best
 14 way. I want to be truthful, but I also
 15 don't want to act like I said things that I
 16 don't think I said. I just wanted to
 17 clarify that.
 18 Here's the problem with this
 19 e-mail, going back to this, (b)(4)
 20 (b)(4)
 21
 22
 23 Q What does that mean?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 MS. RYALL: Sure.
 3 (Whereupon, a recess was taken.)
 4 MS. RYALL: These will be the
 5 next exhibits.
 6 (Instant message exchanges were
 7 marked as Commission's Exhibits 34, 35
 8 and 36 for identification, as of this
 9 date.)
 10 EXAMINATION BY MS. RYALL:
 11 Q You have what has been marked as
 12 Exhibit 34. It's a four-page exhibit. The
 13 bottom of the first page shows a Bates
 14 number JPM-AG 00167051, and you have had a
 15 chance to read through that?
 16 A Yes.
 17 Q What is this document?
 18 A It's a Bloomberg chat room.
 19 Q Is it a specific chat room?
 20 A It contains J.P. Morgan
 21 employees and (b)(3):7 U.S.C. which is a broker.
 22 Q (b)(3):7 U.S.C. is a broker?
 23 A Yes.
 24 Q (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 Q (b)(4) ?
 3 A (b)(4)
 4 Q Are you familiar with (b)(7)(C) ?
 5 (b)(7)(C) (b)(7)(C) ?
 6 A I have met him before. I'm not
 7 close with him, but I know who he is.
 8 Q And he is an employee of (b)(3):
 9 (b)(3):7 ?
 10 A Yes.
 11 Q Do you know if he is friendly
 12 with any of the traders that you supervise?
 13 A I'm not sure.
 14 Q I wanted to direct you to the
 15 third page ending in 053.
 16 A Okay.
 17 Q And actually, throughout this
 18 whole page (b)(7)(C) and (b)(7)(C)
 19 (b)(7)(C) (b)(4)
 20 and near the bottom at 16:33:46 (b)(7)(C)
 21 (b)(7)(C) says, (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 22 A Correct.
 23 Q And three lines down (b)(7)(C)
 24 (b)(7)(C) says (b)(3):7
 25 A Yes. U.S.C. §12

1 Nowak
 2 to direct your attention back to that
 3 one.
 4 EXAMINATION BY MR. SMITH:
 5 Q In this e-mail (b)(7)(C)
 6 (b)(7)(C) after he talks about having a lead
 7 pipe in silver he tells (b)(7)(C) to go
 8 easy at the end. Do you understand what he
 9 means by that?
 10 A No. That doesn't make a lot of
 11 sense.
 12 MR. SMITH: That's it.
 13 EXAMINATION BY MS. RYALL:
 14 Q I want to jump back again to
 15 Exhibit 30 just really quick. The second
 16 page of that exhibit, which ends in Bates
 17 number 760, if you go down near the bottom
 18 the time stamp 15:31.
 19 MR. RAISLER: The second page.
 20 MS. RYALL: The second page,
 21 sorry.
 22 Q Time stamp 15:31:46.
 23 A Yes.
 24 Q Actually, a couple before that,
 25 15:31:26, (b)(7)(C) says, (b)(4)

1 Nowak
 2 Q (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) ?
 4 A (b)(4)
 5 Q (b)(4)
 6 (b)(4)
 7 (b)(4) ?
 8 A No.
 9 Q Is that (b)(4) ?
 10 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 11 (b)(3):7
 12 Q That's all I have on that one.
 13 A I misread what you were going to
 14 talk to me about.
 15 Q What other things do you want to
 16 talk about? The "I feel so dirty" comment,
 17 could you explain what they're talking
 18 about, on page two, ending 052?
 19 A (b)(7)(C) wrote that in the
 20 chat, and they made fun of him for the next
 21 several hours for having written that. I
 22 never really looked at this chat, but it's
 23 actually pretty funny.
 24 MS. RYALL: Gene actually has a
 25 question about Exhibit 33, so I'm going

1 Nowak
 2 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4) (b)(7)(C) (b)(4)
 4 (b)(4)
 5 (b)(4) (b)(7)(C) says, (b)(4)
 6 (b)(4) And he says, (b)(7)(C) says,
 7 (b)(4)
 8 (b)(4) And (b)(7)(C) says, "People
 9 underestimate their sneakiness."
 10 Do you know that they are
 11 talking about there?
 12 A The only thing I know is the
 13 last sentence. I mean they're talking about
 14 (b)(4)
 15 (b)(4) "People
 16 underestimate their sneakiness," that is a
 17 quote from the movie Mr. Deeds when the
 18 butler always keeps sneaking up on people,
 19 and it's a joke that is regularly kind of
 20 thrown around on the desk.
 21 Q Have you ever heard (b)(7)(C)
 22 (b)(7)(C) talk about (b)(4)
 23 (b)(4) ?
 24 A No.
 25 Q I am handing you what has been

1 Nowak
 2 marked as Exhibit 35. This is a 12-page
 3 exhibit. The first page is a Bates number
 4 JPM-AG 00176306.
 5 A Okay.
 6 Q Do you recognize what this
 7 exhibit is?
 8 A It's a Bloomberg instant message
 9 between (b)(7)(C) and (b)(7)(C) from
 10 February 2nd of this year.
 11 Q Can you tell by their
 12 conversation and the time stamps what time
 13 zone this is in?
 14 A This would be London as well.
 15 Q Why do you say that?
 16 A Because at the end of it.
 17 Q On the last page?
 18 A On the last page, (b)(7) and (b)(7)(C)
 19 wouldn't be talking at close to 6:00 p.m.
 20 New York time. That would be too late, so
 21 it has to be London time.
 22 Q If you can go to the fourth page
 23 of the exhibit, the page ending 309, the
 24 very last passage at 13:40:07.
 25 A Okay.

1 Nowak
 2 at that time that would cause him to want to
 3 do that?
 4 A Not that I can remember.
 5 Q Continuing on the page marked
 6 310, a few more lines down they continue
 7 this discussion, and (b)(7)(C) at
 8 14:18:18 says, (b)(4)
 9 (b)(4)
 10 (b)(4) Then (b)(7)(C) says,
 11 (b)(4)
 12 (b)(4) (b)(7)(C)
 13 (b)(7)(C) says, "Yes."
 14 Could you explain to me what
 15 they are talking about there?
 16 A No. (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 Q What would (b)(4)
 20 mean?
 21 A (b)(4)
 22 (b)(4)
 23 Q Is that commonly used by the
 24 traders?
 25 A (b)(4)

1 Nowak
 2 Q If you can read from there
 3 through the first six of the next page.
 4 A Okay.
 5 Q What are they talking about in
 6 this group of lines?
 7 A (b)(4)
 8 (b)(4)
 9 Q (b)(4)?
 10 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 11 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q Is that (b)(3);7 U.S.C. §12
 15 (CEA); (b)(4)?
 16 A (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 17 (b)(3);7 U.S.C. §12 (CEA); (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 Q Do you know why he (b)(3);7 U.S.C. §12
 21 (CEA); (b)(4)?
 22 A I don't, no.
 23 Q This was in February of 2010?
 24 A Yes.
 25 Q Is there something that happened

1 Nowak
 2 (b)(4)
 3 Q So (b)(4)
 4 (b)(4)
 5 (b)(4)?
 6 A Usually that's true, yes.
 7 Q When he says (b)(4)
 8 (b)(4)?
 9 A (b)(4)
 10 Q Then he says (b)(4)
 11 (b)(4)
 12 (b)(4)?
 13 A I don't really know.
 14 Q Then (b)(7)(C) says, (b)(4)
 15 (b)(4)
 16 (b)(4)? Do you know what he means?
 17 A It's hard for me to answer,
 18 because I don't totally understand the
 19 (b)(4)
 20 Q If you would please go to the
 21 page ending 313, the bottom at 16:10:16
 22 (b)(7)(C) says, (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 Could you explain to me again
 4 how (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11 Q So you (b)(4)
 12 (b)(4)?
 13 A (b)(4)
 14 Q (b)(4)?
 15 A Yes.
 16 Q How does that work? (b)(4)
 17 (b)(4)
 18 (b)(4)?
 19 A (b)(4)
 20 (b)(4)
 21
 22
 23
 24 Q After that (b)(7)(C) says,
 25 (b)(3);7 U.S.C. §12 (CEA); (b)(4) Do you know

1 Nowak
 2 (b)(4) means?
 3 A (b)(4)
 4 (b)(4)
 5 Q (b)(7)(C) says, "Yes,
 6 (b)(4)
 7 What does that mean?
 8 A I don't know for sure, but I can
 9 venture a guess on that.
 10 Q Okay.
 11 A It's probably (b)(4)
 12 (b)(4)
 13 Q So you think that perhaps it
 14 means that J.P. Morgan was (b)(3);7 U.S.C. §12
 15 (b)(3);7 U.S.C. §12 (CEA); (b)(4)?
 16 A That could be what it means.
 17 Q Is there a (b)(4)
 18 (b)(4)
 19 (b)(4)?
 20 (b)(4)
 21 A (b)(4)
 22 (b)(4)
 23
 24 MS. RYALL: I'm handing you what
 25 has been marked as Exhibit 36.

1 Nowak
 2 THE WITNESS: Thank you.
 3 MS. RYALL: This is a four-page
 4 exhibit. The first page has the Bates
 5 stamp number JPM-AG 00182425.
 6 THE WITNESS: Okay.
 7 Q What do you recognize this
 8 document to be?
 9 A Instant Bloomberg chat between
 10 (b)(7)(C) and (b)(7)(C) from March 9,
 11 2010.
 12 Q Can you tell by the conversation
 13 and the time stamps what time zone this is
 14 in?
 15 A London.
 16 Q How do you know that?
 17 A It's very unlikely (b)(7)(C) would be
 18 trading midnight our time, but it's very
 19 likely he would be talking to (b)(7)(C) at
 20 7:00 p.m. our time or 7:00 a.m. (b)(7)(C)'s
 21 time. So I can't say with certainty on this
 22 one, because he could have woken up in the
 23 middle of the night, but most likely it's
 24 London time.
 25 Q And (b)(7)(C) is in Singapore?

1 Nowak
 2 A Yes.
 3 Q If you can take a look at the
 4 bottom of the first page starting at
 5 00:20:34.
 6 A Okay.
 7 Q From there on it seems to be the
 8 same conversation. You did have a chance to
 9 read through that?
 10 A Yes.
 11 Q Can you tell me what they are
 12 talking about?
 13 A Parts of it I can.
 14 Q Okay.
 15 A The first statement, (b)(4)
 16 (b)(4)
 17
 18
 19 Q What is (b)(4)?
 20 A (b)(4) I don't know. (b)(4)
 21 (b)(4)
 22
 23
 24 Q Where would they be (b)(4)
 25 (b)(4)?

1 Nowak
 2 A (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 Q Can you take me through it what
 13 they are talking about in (b)(4)
 14 (b)(4)? For example, on the
 15 first page (b)(7)(C) says, (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 Does that make sense to you?
 20 A The second part he's (b)(4)
 21 (b)(4). The
 22 first part is unclear.
 23 Q So the second sentence you take
 24 to mean (b)(4)?
 25 A Yes.

1 Nowak
 2 (b)(4)?
 3 A Yes.
 4 Q The next line (b)(7)(C)
 5 says, (b)(4)
 6 (b)(4)
 7 (b)(4)
 8 A That doesn't make sense.
 9 Q The next line says, (b)(4)
 10 (b)(4)
 11 (b)(4)?
 12 A Yes.
 13 Q In your experience in (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 (b)(4)
 17 Q Is this (b)(3):7 U.S.C. §12 (CEA);
 18 (b)(3):7 U.S.C. ?
 19 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(3):7
 21 Q Is it on GLOBEX?
 22 A Yes. (b)(3):7 U.S.C. §12 (CEA);
 23 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 Q (b)(4)?
 3 A It could. Probably, but I don't
 4 know for sure.
 5 Q (b)(7)(C) is saying, (b)(4)
 6 (b)(4) (b)(7)(C) says,
 7 "Whatever." (b)(7)(C) says, (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 A (b)(4)
 11 (b)(4) (b)(7)(C) (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 (b)(4)
 15 Q The next line, (b)(3):7 U.S.C. §12
 16 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 17 What does that mean?
 18 A That's (b)(3):7 U.S.C. §12 (CEA);
 19 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 Q What is (b)(3):7 U.S.C. §12 (CEA); ?
 23 A (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 24 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 25 Q Does that mean (b)(4)

1 Nowak
 2 Q They are not talking about (b)(4)
 3 (b)(4)?
 4 A No.
 5 Q At 00:26:31, Mr. (b)(7)(C) says,
 6 (b)(4)
 7 (b)(4) What does that mean?
 8 A No idea.
 9 Q What is EBS?
 10 A EBS is the electronic brokerage
 11 system. It's a way to electronically trade
 12 spot.
 13 Q So the (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)?
 17 A I can't read where they talk
 18 about anything about that, unless you see
 19 it.
 20 Q Well, a different question then,
 21 based on the way they are talking about
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8 Q (b)(4)
 9 (b)(4)
 10 A Yes.
 11 Q (b)(4)
 12 (b)(4) ?
 13 A (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20
 21 MR. HAYECK: Let's go off the
 22 record for a minute.
 23 MS. RYALL: Off the record.
 24 (Whereupon, a discussion was
 25 held off the record.)

1 Nowak
 2 A (b)(7)(C) is a client at
 3 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 4 Q Where is Discovery Hedge Fund
 5 located?
 6 A I'm not sure.
 7 Q Do you know Mr. (b)(7)?
 8 A Yes, I've met him before.
 9 Q Do you trade with Mr. (b)(7)?
 10 A I have in the past, yes.
 11 Q In the 2008, 2009 time frame,
 12 who on your desk interacted with Mr. (b)(7)(C)
 13 most frequently?
 14 A Probably (b)(7)(C) the
 15 salesperson.
 16 Q What kind of business did you do
 17 with Mr. (b)(7)?
 18 A (b)(4)
 19 Q Let me direct your attention to
 20 the second page of the exhibit, which ends
 21 in Bates stamp 659.
 22 A Okay.
 23 Q And beginning towards the bottom
 24 of the page there is a entry at time
 25 13:44:44, by Mr. (b)(7)(b)(4)

1 Nowak
 2 MS. RYALL: Back on the record.
 3 The next one will be 37.
 4 (Instant message exchange was
 5 marked as Commission's Exhibit 37 for
 6 identification, as of this date.)
 7 EXAMINATION BY MR. HAYECK:
 8 Q We are showing you Exhibit 37.
 9 For the record, it's Bates stamped JPM-AG
 10 00237658, and it's a four-page document with
 11 a Bates stamp ending in 661. Let me know
 12 when you have had a chance to read it.
 13 A Okay.
 14 Q What is Exhibit 37?
 15 A It's an instant Bloomberg chat
 16 between (b)(7)(C) and (b)(7)(C).
 17 Q From looking at it, can you tell
 18 what time zone the entries reflect?
 19 A Interestingly, of all the ones
 20 we have looked at this one could just as
 21 easily be 8:30 in the morning New York time
 22 or 1:30 in the afternoon New York time.
 23 There is nothing actually in the message
 24 that tells you definitively on this one.
 25 Q Who is (b)(7)(C)?

1 Nowak
 2 (b)(4)
 3 A Okay.
 4 Q Can you just quickly review the
 5 remainder of the page.
 6 A Okay.
 7 Q Do you see the reference to
 8 (b)(7)(C)?
 9 A Yes.
 10 Q Who is that?
 11 A He was a client.
 12 Q Do you know independently from
 13 what it says on here who (b)(7)(C) is?
 14 A I would have forgotten him, but
 15 this actually jogged my memory. I think
 16 this is right, but I wouldn't have
 17 remembered him otherwise.
 18 Q With your memory refreshed, what
 19 do you know about Mr. (b)(7)(C)?
 20 A He ran a small hedge fund.
 21 Q During 2008, 2009?
 22 A I think so. I think so.
 23 Q Does he still do that?
 24 A I don't know that.
 25 Q Do you know if anybody currently

1 Nowak
 2 trades with him on your desk?
 3 A (b)(4)
 4 Q (b)(4)
 5 (b)(4)?
 6 A I don't know.
 7 Q Do you know if he had any prior
 8 existing relationship with (b)(7)(C)
 9 prior to the 2008 time frame?
 10 A I think they did, but I don't
 11 know for sure.
 12 Q In this entry, can you just
 13 describe what's going on here for me,
 14 beginning with the 13:44:44 entry and
 15 running through the bottom of the page?
 16 A (b)(7)(C) says, (b)(4)
 17 (b)(4) (b)(7)(C) (b)(4)
 18 (b)(4) So (b)(7)(C)
 19 responds, (b)(3):7 U.S.C. §12 and he says,
 20 (b)(7)(C) (b)(3):7 U.S.C. §12 And that's
 21 not clear what that means actually.
 22 Q So when he says, (b)(4)
 23 (b)(4) and Mr. (b)(7)(C) (b)(3):7
 24 (b)(3):7 U.S.C. §12 (CEA); (b)(4)
 25

1 Nowak
 2 (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4)
 9 (b)(4)?
 10 A (b)(4)
 11 (b)(4)
 12 MS. RYALL: We're actually in
 13 the home stretch. I have a few more
 14 questions for you.
 15 EXAMINATION BY MS. RYALL:
 16 Q Do you trade on GLOBEX?
 17 A (b)(4)
 18 Q Have you ever observed (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)?
 22 (b)(4)
 23 A One more time, please.
 24 Q Have you (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(3):7?
 3 A Correct, yes.
 4 Q In the reference to Mr. (b)(7)(C)
 5 (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 Q (b)(4)?
 9 A (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 (b)(4)
 14 Q If Mr. (b)(7)(C) (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 (b)(4)?
 18 A (b)(4)
 19 (b)(7)(C) (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(4)
 3 (b)(4)?
 4 A Not particularly, no.
 5 Q (b)(4)
 6 (b)(4)?
 7 A (b)(4)
 8 (b)(4)
 9 (b)(4)
 10 (b)(4)
 11 Q (b)(4)
 12 (b)(4)?
 13 A (b)(4)
 14 (b)(4)
 15 (b)(4)
 16 (b)(4)
 17 Q Why would you do that?
 18 A (b)(4)
 19 (b)(4)
 20 Q Have you heard of the term
 21 (b)(4)?
 22 A Yes.
 23 Q Can you tell me what that is?
 24 A (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3
 4
 5 Q What do you mean when you are
 6 (b)(4) ?
 7 A (b)(4)
 8 (b)(4)
 9
 10
 11
 12 Q Do you know why that happens?
 13 A Yes. (b)(4)
 14 (b)(4)
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 (b)(4) ?
 3 A No.
 4 Q (b)(4)
 5 (b)(4) ?
 6 A No.
 7 Q Does that (b)(4)
 8 (b)(4)
 9 (b)(4) ?
 10 A No.
 11 Q What about for (b)(4)
 12 (b)(4)
 13
 14 (b)(4) ?
 15 A No.
 16 Q (b)(4)
 17 (b)(4)
 18
 19 (b)(4) ?
 20 A (b)(4)
 21 (b)(4)
 22
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9
 10
 11 Q (b)(4)
 12 (b)(4)
 13 (b)(4) ?
 14 A Yes.
 15 Q Does it happen often?
 16 A (b)(4)
 17 (b)(4) ?
 18 Q (b)(4)
 19 (b)(4)
 20 (b)(4) ?
 21 A (b)(4)
 22 (b)(4)
 23
 24 Q (b)(4)
 25 (b)(4)

1 Nowak
 2 Q (b)(4)
 3 (b)(4) ?
 4 A I don't know. (b)(4)
 5 (b)(4)
 6
 7 Q (b)(4)
 8 (b)(4) ?
 9 A (b)(4)
 10 (b)(4)
 11
 12
 13
 14
 15 Q (b)(4)
 16 (b)(4)
 17
 18
 19 (b)(4) ?
 20 A No.
 21 Q (b)(4)
 22 (b)(4)
 23
 24 (b)(4) ?
 25 A No.

1 Nowak
 2 Q (b)(4)
 3 (b)(4)
 4 (b)(4)
 5 (b)(4)?
 6 A Yes.
 7 Q (b)(4)?
 8 A (b)(4).
 9 Q (b)(4)
 10 (b)(4)?
 11 A (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4)?
 15 A Absolutely no idea.
 16 Q (b)(4)
 17 (b)(4)?
 18 A (b)(4)
 19 Q (b)(4)
 20 (b)(4)?
 21 A (b)(4)
 22 Q (b)(4)?
 23 A (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4)?
 5 A (b)(4)
 6 (b)(4)
 7 Q (b)(4)
 8 (b)(4)?
 9 A (b)(4)
 10 (b)(4)
 11 (b)(4)
 12 (b)(4)
 13 Q (b)(4)
 14 (b)(4)?
 15 A (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4)
 3 Q (b)(4)
 4 (b)(4)
 5 (b)(4)
 6 (b)(4)?
 7 A No.
 8 Q To your knowledge, have traders
 9 at J.P. Morgan in the metals group put up
 10 bids or offers to the market which they
 11 didn't intend to execute and then pulled
 12 them before they got hit or lifted?
 13 A No.
 14 Q (b)(4)
 15 (b)(4)
 16 (b)(4)?
 17 A (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 (b)(4)
 21 (b)(4)
 22 (b)(4)
 23 (b)(4)
 24 MR. HAYECK: Why don't we go off
 25 the record. We'll take five minutes,

1 Nowak
 2 make sure we have all our stuff.
 3 MR. RAISLER: I have just a
 4 couple of questions for him at the end.
 5 MR. HAYECK: That would be
 6 great.
 7 MS. RYALL: Off the record.
 8 (Whereupon, a recess was taken.)
 9 MS. RYALL: Let's go back on the
 10 record. I just have one last question
 11 for you.
 12 EXAMINATION BY MS. RYALL:
 13 Q Going over some of these
 14 e-mails, (b)(4)
 15 (b)(4) (b)(7)(C) (b)(4)
 16 (b)(4)
 17 (b)(4)
 18 (b)(4)
 19 (b)(4)
 20 A (b)(4)
 21 (b)(4); (b)(7)(C)
 22 (b)(4)
 23 (b)(4)
 24 (b)(4)
 25 (b)(4)

1 Nowak
 2 (b)(4); (b)(7)(C)
 3
 4
 5
 6 Q (b)(4); (b)(7)(C)
 7 (b)(4); (b)(7)(C)
 8 (b)(4); (b)(7)(C) ?
 9 A (b)(4); (b)(7)(C)
 10 (b)(4); (b)(7)(C)
 11
 12
 13 Q (b)(4); (b)(7)(C)
 14 (b)(4); (b)(7)(C) ?
 15 A (b)(4)
 16 (b)(4)
 17
 18
 19
 20
 21 MS. RYALL: Those are all the
 22 questions I have, but I will give you a
 23 chance to talk to him or let him
 24 clarify anything.
 25 MR. RAISLER: Just a few quick

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7
 8
 9 (b)(4) (b)(7)(C) (b)(4)
 10 (b)(4)
 11
 12
 13
 14
 15
 16
 17
 18 Q Let me go back to the second
 19 part of what you said, insofar as you
 20 testified that (b)(4)
 21 (b)(4)
 22 (b)(4) (b)(7)(C) (b)(4)
 23 (b)(4) ?
 24 A Sorry.
 25 Q Let me rephrase the question.

1 Nowak
 2 questions.
 3 EXAMINATION BY MR. RAISLER:
 4 Q You testified earlier today
 5 (b)(4)
 6
 7
 8 (b)(4) Could you explain why in your view
 9 that was the case?
 10 A (b)(4)
 11 (b)(4)
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 Nowak
 2 You testified that (b)(4)
 3 (b)(4)
 4 A Yes.
 5 Q Did J.P. Morgan, and
 6 particularly (b)(7)(C), have (b)(4)
 7 (b)(4) ?
 8 A Yes.
 9 Q (b)(4)
 10 (b)(4) ?
 11 A (b)(4) So (b)(7)(C) (b)(4)
 12 (b)(4)
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22 Q And in your opinion, what was
 23 the (b)(4)
 24 (b)(4) ?
 25 A (b)(4)

1 Nowak
 2 (b)(4)
 3 Q Why couldn't anybody do what Mr.
 4 (b)(7)(C) was doing?
 5 A (b)(4)
 6 (b)(4)
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19 Q And somebody like Mr. (b)(7)(C)
 20 (b)(4)
 21 (b)(4) ?
 22 A (b)(4)
 23 (b)(4)
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 Q To the extent you know, would
 8 that also be true (b)(4) Mr.
 9 (b)(7)(C) 's (b)(4) ?
 10 A That's true.
 11 Q (b)(4) ?
 12 A (b)(4)
 13 (b)(4)
 14 Q Just one last question.
 15 Ms. Ryall asked you about the
 16 concept of (b)(4)
 17 (b)(4)
 18 A Yes.
 19 Q Is there a different word used
 20 in the industry other than (b)(4) ?
 21 A Yes. Actually, the term
 22 (b)(4)
 23
 24
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6 Q (b)(4)
 7 (b)(4) ?
 8 A (b)(4)
 9 (b)(4)
 10
 11 Q (b)(4)
 12 (b)(4)
 13
 14
 15 (b)(4) ?
 16 A (b)(4)
 17 Q You testified earlier as well
 18 about (b)(4)
 19 (b)(4)
 20
 21
 22 (b)(4) ?
 23 A (b)(4)
 24 (b)(4)
 25

1 Nowak
 2 (b)(4)
 3
 4
 5
 6
 7 MR. RAISLER: No further
 8 questions.
 9 MS. RYALL: I saw that word used
 10 in some commentary.
 11 THE WITNESS: (b)(4) is a very
 12 commonly used word, yes.
 13 MR. RAISLER: No further
 14 questions.
 15 MS. RYALL: We're finished.
 16 Thank you for your time.
 17 THE WITNESS: You're very
 18 welcome.
 19 MS. RYALL: We're off the
 20 record.
 21 (Time noted: 4:45 p.m.)
 22
 23
 24
 25

Transcript Word Index

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)