

No. CR-17-3366

THE UNITED STATES OF LONE
STAR,

Prosecution,

v.

Jordan Belfort

Defendant.

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IN THE UNITED STATES DISTRICT
COURT

FOR

THE DISTRICT OF LONE STAR

Prepared by:

**Pamela Robillard Mackey
Haddon, Morgan and Foreman, P.C.
150 E. 10th Avenue
Denver, CO 80203**

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This case file was commissioned by the Texas Young Lawyers Association and was prepared by Pamela Robillard Mackey for the 2019 National Trial Competition

Statement of the Case

This is a criminal action against Jordan Belfort, the president and sole owner of Look Ma, No Hands, for a violation of the Lone Star Securities Statutes and Rules. The United States of Lone Star alleges that on or about December 4, 2017, Jordan Belfort provided material, non-public information to D. Azoff, to wit that Elon Muskateer had committed to a \$684 million dollar investment in Belfort's company.

Witnesses:

For the Prosecution:

1. Agent Pat Denham
2. Mychael Wesley Powell

For the Defense:

3. Jordan Belfort
4. D. Azoff

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF LONE STAR
No. CR-17-3366

THE UNITED STATES OF LONE STAR, Prosecution, v. Jordan Belfort Defendant.	IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF LONE STAR
INDICTMENT CHARGING STATUTE 15 Lone Star Code § 78j(b) and § 78ff	

COUNT ONE

On or about December 3, 2017, through and including December 30, 2017, within the State and District of Lone Star and elsewhere, the defendant, Jordan Belfort, did willfully, directly and indirectly, by use of the means and instrumentalities of interstate commerce and the facilities of national securities exchanges, in connection with the purchase and sale of securities, use and employ manipulative and deceptive devices and contrivances.

All in violation of a provision of The Lone Star Securities Exchange Act of 1934 codified at Title 15, Lone Star Code, Sections 78j(b) and 78ff.

A TRUE BILL

Allison Covey

FOREPERSON

APPROVED:

Tim Williams
United States Attorney
District of Lone Star

By:

Courtney Perez

Courtney Perez
Assistant United States Attorney
U.S. Attorney's Office
1225 Alamo Street
Lone Star, 10062
Telephone: (303) 123-4567
Fax: (303) 891-2345
Email: Courtney.Perez@usdoj.gov
Attorney for the Government

Dated: June 28, 2018.

WITNESS AND EXHIBIT LIST

WITNESSES:

1. Agent Pat Denham (may be male or female)
 2. Mychael Wesley Powell (may be male or female)
 3. Jordan Belfort (may be male or female)
 4. D. Azoff (may be male or female)
-

EXHIBITS:

Exhibit 1 - Summary chart of Azoff trades

Exhibit 2 - Audio recording of conversation between Azoff and Lopez

Exhibit 3 - Photograph of Azoff Deer Valley home

Exhibit 4 - Photograph of Belfort Yellowstone Club home

Exhibit 5 - Photograph of Castle Country Club

Exhibit 6 - Photograph of Lone Star Country Club

Exhibit 7 - Photograph of Private Jet belonging to Azoff

Exhibit 8 - Barron's article, *Day of Reckoning*

Exhibit 9 - Email chain re Barron's article

Exhibit 10 - Email chain between Azoff and Lopez

Exhibit 11 - Email chain between Azoff and Siblings

Exhibit 12 – Email chain between Belfort and Azoff

PROCEDURAL MATTERS

AND

STIPULATIONS AS TO EVIDENTIARY MATTERS

Procedural Matters

1. Federal Rules of Criminal Procedure and Federal Rules of Evidence apply.
2. All witnesses called to testify have identified the parties, other individuals, or tangible evidence in prior testimony and will, if asked, identify the same at trial.
3. Other than what is supplied in the problem itself, there is nothing exceptional or unusual about the background information of any of the witnesses that would bolster or detract from their credibility.
4. This competition does not permit a listed witness, while testifying, to "invent" an individual not mentioned in this problem and have testimony or evidence offered to the court or jury from that "invented" individual.
5. "Beyond the record" shall not be entertained as an objection. Rather, teams shall use cross-examination as to reasonable inferences from material facts pursuant to National Rules.
6. The Government and the Defense must call the two witnesses listed as that party's witnesses on the witness list.
7. All exhibits in the file are authentic. In addition, each exhibit contained in the file is the original of that exhibit unless otherwise noted on the exhibit or as established by the evidence.

8. It is stipulated that no one shall attempt to contact the problem drafter about this problem before the conclusion of the 2019 National Trial Competition Final Round. Contact with the competition officials concerning this problem must be pursuant to the rules of the competition.

9. 2019 is the year in which this case comes to trial.

10. Presentation and argument on pretrial motions shall be limited to a total time of sixteen minutes divided equally between the parties as follows: (1) the State shall have four minutes to present any pretrial motions; (2) the defense shall have four minutes to respond to the State's motion(s); (3) the defense shall have four minutes to present any pretrial motions; and (4) the State shall have four minutes to respond to the defense's motion(s).

11. This competition permits teams to argue additional case law and other relevant authority to support the team's argument on motions and evidentiary issues. However, no additions or deletions are permitted to the provided jury instructions or to the jury verdict form.

12. Any team that wishes to play Exhibit 2 at the trial of this matter will be required to bring all equipment necessary to play the audio recording. No team may argue that the voices in the audio recording differ from the voice of D. Azoff during the trial.

Substantive Matters

1. **15 Lone Star Code § 78j(b) provides as follows:**

It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange—

(a)

(1) To effect a short sale, or to use or employ any stop-loss order in connection with the purchase or sale, of any security other than a government security, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(2) Paragraph (1) of this subsection shall not apply to security futures products.

(b)

To use or employ, in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered, or any securities-based swap agreement [1] any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(c)

(1) To effect, accept, or facilitate a transaction involving the loan or borrowing of securities in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(2) Nothing in paragraph (1) may be construed to limit the authority of the appropriate Federal banking agency (as defined in section 1813(q) of title 12), the National Credit Union Administration, or any other Federal department or agency having a responsibility under Federal law to prescribe rules or regulations restricting transactions involving the loan or borrowing of securities in order to protect the safety and soundness of a financial institution or to protect the financial system from systemic risk.

Rules promulgated under subsection (b) that prohibit fraud, manipulation, or insider trading (but not rules imposing or specifying reporting or recordkeeping requirements, procedures, or standards as prophylactic measures against fraud, manipulation, or insider trading), and judicial precedents decided under subsection (b) and rules promulgated thereunder that prohibit fraud, manipulation, or insider trading, shall apply to security-based swap agreements to the same extent as they apply to securities. Judicial precedents decided under section 77q(a) of this title and sections 78i, 78o, 78p, 78t, and 78u–1 of this title, and judicial precedents decided under applicable rules promulgated under such

sections, shall apply to security-based swap agreements to the same extent as they apply to securities.

2. **15 Lone Star Code § 78ff provides as follows:**

(a) **WILLFUL VIOLATIONS; FALSE AND MISLEADING STATEMENTS**

Any person who willfully violates any provision of this chapter (other than section 78dd-1 of this title), or any rule or regulation thereunder the violation of which is made unlawful or the observance of which is required under the terms of this chapter, or any person who willfully and knowingly makes, or causes to be made, any statement in any application, report, or document required to be filed under this chapter or any rule or regulation thereunder or any undertaking contained in a registration statement as provided in subsection (d) of section 78o of this title, or by any self-regulatory organization in connection with an application for membership or participation therein or to become associated with a member thereof which statement was false or misleading with respect to any material fact, shall upon conviction be fined not more than \$5,000,000, or imprisoned not more than 20 years, or both, except that when such person is a person other than a natural person, a fine not exceeding \$25,000,000 may be imposed; but no person shall be subject to imprisonment under this section for the violation of any rule or regulation if he proves that he had no knowledge of such rule or regulation.

(b) **FAILURE TO FILE INFORMATION, DOCUMENTS, OR REPORTS**

Any issuer which fails to file information, documents, or reports required to be filed under subsection (d) of section 78o of this title or any rule or regulation thereunder shall forfeit to the United States the sum of \$100 for each and every day such failure to file shall continue. Such forfeiture, which shall be in lieu of any criminal penalty for such failure to file which might be deemed to arise under subsection (a) of this section, shall be payable into the Treasury of the United States and shall be recoverable in a civil suit in the name of the United States.

(c) **VIOLATIONS BY ISSUERS, OFFICERS, DIRECTORS, STOCKHOLDERS, EMPLOYEES, OR AGENTS OF ISSUERS**

(1)

(A) Any issuer that violates subsection (a) or (g) of section 78dd-1 of this title shall be fined not more than \$2,000,000.

(B) Any issuer that violates subsection (a) or (g) of section 78dd-1 of this title shall be subject to a civil penalty of not more than \$10,000 imposed in an action brought by the Commission.

(2)

(A) Any officer, director, employee, or agent of an issuer, or stockholder acting on behalf of such issuer, who willfully violates subsection (a) or (g) of section 78dd-1 of this title shall be fined not more than \$100,000, or imprisoned not more than 5 years, or both.

(B) Any officer, director, employee, or agent of an issuer, or stockholder acting on behalf of such issuer, who violates subsection (a) or (g) of section 78dd-1 of this title shall be subject to a civil penalty of not more than \$10,000 imposed in an action brought by the Commission.

(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of an issuer, such fine may not be paid, directly or indirectly, by such issuer.

3. 17 Lone Star Code of Regulations § 240.10b5-2 Duties of Trust or Confidence in Misappropriation Insider Trading Cases provides as follows:

PRELIMINARY NOTE TO § 240.10b5-2:

This section provides a non-exclusive definition of circumstances in which a person has a duty of trust or confidence for purposes of the “misappropriation” theory of insider trading under Section 10(b) of the Act and Rule 10b-5. The law of insider trading is otherwise defined by judicial opinions construing Rule 10b-5, and Rule 10b5-2 does not modify the scope of insider trading law in any other respect.

(a) Scope of Rule. This section shall apply to any violation of Section 10(b) of the Act (15 U.S.C. 78j(b)) and § 240.10b-5 thereunder that is based on the purchase or sale of securities on the basis of, or the communication of, material nonpublic information misappropriated in breach of a duty of trust or confidence.

(b) Enumerated “duties of trust or confidence.” For purposes of this section, a “duty of trust or confidence” exists in the following circumstances, among others:

(1) Whenever a person agrees to maintain information in confidence;

(2) Whenever the person communicating the material nonpublic information and the person to whom it is communicated have a history, pattern, or practice of sharing confidences, such that the recipient of the information knows or reasonably should know that the person communicating the material nonpublic information expects that the recipient will maintain its confidentiality; or

(3) Whenever a person receives or obtains material nonpublic information from his or her spouse, parent, child, or sibling; *provided*, however, that the person receiving or obtaining the information may demonstrate that no duty of trust or confidence existed with respect to the information, by establishing that he or she neither knew nor reasonably should have known that the person who was the source of the information expected that the person would keep the information confidential, because of the

parties' history, pattern, or practice of sharing and maintaining confidences, and because there was no agreement or understanding to maintain the confidentiality of the information.

4. Prior to trial, the Court ruled that Exhibit 2 is a business record.

Additionally, the Court overruled all confrontation clause objections regarding Exhibit 2.

1 GRAND JURY 14-1
2 DISTRICT OF LONE STAR

TESTIMONY OF
PATRICK DENHAM

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IN THE MATTER OF A SPECIAL INVESTIGATION

Lone Star, Courthouse
1929 Alamo Street, Room 320
Lone Star 10062
Thursday, June 1, 2018

The above-entitled matter came on for hearing before the Lone Star Grand Jury at the
hour of 1:10 p.m.

APPEARANCES

FOR LONE STAR:

COURTNEY PEREZ
LONE STAR U.S. ATTORNEY'S OFFICE

I N D E X

1		
2	Examination by Courtney Perez	Page Number 3
3		

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6	Exhibit 1 Summary chart of Azoff trades	page 5
7	Exhibit 2 Audio recording of conversation between Azoff and Lopez	page 6
8	Exhibit 3 Photograph of Azoff Deer Valley home	page 7
9	Exhibit 4 Photograph of Belfort Yellowstone Club home	page 7
10	Exhibit 5 Photograph of Castle Country Club	page 7
11	Exhibit 6 Photograph of Lone Star Country Club	Page 7

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Where upon, the following proceedings were had and done on Thursday, June 1, 2018:

FOREPERSON: We have a quorum. There are no unauthorized persons present.

SPECIAL AGENT PAT DENHAM,

The Witness here, having been first duly sworn, was examined and testified on his oath as follows:

EXAMINATION

BY:

Q Good afternoon, Agent Denham.

A Good afternoon.

Q Could you please state your name and spell you last name for the court reporter?

A My name is Pat Denham P-A-T D-E-N-H-A-M.

Q Where are you employed?

A I am a Special Agent with the Lone Star Securities and Exchange Commission for the great state of Lone Star.

Q Please tell the grand jurors what you do as a Special Agent for the Lone Star Securities and Exchange Commission.

A I am in the criminal enforcement division. So, if suspicious behavior concerning the sale or purchase of securities is brought to the Commission's attention, I investigate the activity to determine whether or not a crime has been committed.

Q What is a security?

1 A A security can be defined in many ways, but for purposes of this case it includes
2 stock and stock options.

3 Q I will have you tell the jurors all about that, but before we get to that, can you tell
4 the folks on the jury a little bit about yourself.

5 A Well, I was born and raised right here in Lone Star. I got an associate's degree in
6 Criminal Justice from Lone Star State University. I first went to work for the Lone Star Police
7 Department as a patrol officer. But I have always been keenly interested in the stock market and
8 when the great recession hit in 2008, I went back to school and got a masters in forensic
9 accounting. I then applied to the Lone Star Bureau of Investigation and was hired as an
10 investigator where I worked for 5 years, investigating economic crimes. In 2015, I was asked to
11 join the Securities and Exchange Commission in their criminal investigations division. I suspect,
12 but do not know, that the Commission was impressed with my work because they sought me out.

13 Q How many cases have you investigated involving allegations of securities or
14 accounting fraud?

15 A Hundreds.

16 Q Were you the primary investigator on the investigation into Jordan Belfort and
17 Look Ma, No Hands?

18 A Yes.

19 Q How did the case come to your attention?

20 A Anytime there is a significant event that occurs in Lone Star and affects the Lone
21 Star Stock Market, there is a routine investigation into the pattern of trading involving the stock
22 in question. If there appears to be suspicious activity in the stock either before or after the
23 significant event, we investigate to see if there was any illegal behavior.

24 Q Was the investment of \$684 million into Look Ma, No Hands considered a
25 significant event?

1 A Yes ma'am, biggest single investment in the history of Lone Star.

2 Q Did you review the trading history in LMNH stocks before and after the
3 announcement of the investment?

4 A Yes, and we saw very suspicious activity involving D. Azoff and Azoff's siblings
5 and broker.

6 Q Let me stop you right there. With regard to D Azoff, what did you see?

7 A A dramatic uptick in the number of shares purchased during the month of
8 December.

9 Q I am handing you what has been previously marked as Exhibit 1, what is it?

10 A This is a summary chart that I prepared that shows the trading activity for D.
11 Azoff from November 6, 2017 to January 9, 2018. I subpoenaed Azoff's trading records, and
12 compiled this summary chart based on those trading records.

13 Q How does the activity shown on this chart compare to Azoff's trading activity
14 before November 6, 2017?

15 A Before that date, Azoff had been selling off the LMNH's stock that Azoff held.
16 This activity was a dramatic departure from Azoff's former trading activity.

17 Q Who is Steven Lopez?

18 A D Azoff's stock broker.

19 Q Did you review Mr. Lopez's trading activity for December 2017?

20 A Yes.

21 Q What did your review reveal?

22 A Mr. Lopez purchased LMNH stock for the first time ever in December 2017.

23 Q Did you obtain a taped conversation between D. Azoff and Steven Lopez?

24 A Yes. Mr. Lopez works at Trades 'R Us in the Windy City. It is the common
25 business practice of Trades 'R Us to record all conversations between its brokers and its

1 customers. Indeed, there is a recorded statement that is played anytime someone calls into
2 Trades 'R Us warning them that the call will be recorded. The recordings are made and kept in
3 the ordinary course of Trades 'R Us business.

4 Q Agent Denham, I am handing you what has been previously marked as Exhibit 2.
5 What is that?

6 A It is a recording of D. Azoff and Steven Lopez discussing the purchase of
7 LMNH's stock in December of 2017.

8 Q Based on the contents of the conversation between Azoff and Lopez, did D. Azoff
9 have material nonpublic information of the sale of a public security on December 10, 2017?

10 A Yes.

11 Q What was that information?

12 A Azoff claimed in the call that Jordan Belfort, the Chairman and CEO of LMNH,
13 told Azoff that Elon Muskateer was considering a \$684 million investment in LMNH.

14 Q Was the information known to the general public?

15 A No, I conducted a thorough search of numerous online, print and televised source
16 searching for any mention of this to the general public before December 31, 2017, the date the
17 deal was announced and found none. The public had no way of knowing.

18 Q Was the information material?

19 A Yes, every investor in the world would want to know that information in deciding
20 whether to buy or sell stock in LMNH.

21 Q You mentioned Jordan Belfort, who is that?

22 A He is the founder of Look Ma, No Hands.

23 Q Did you review his trading activity in December of 2017?

24 A Yes.

25 Q Was there anything unusual?

1 A No. Belfort was never an active trader in his company's stock and he did not
2 trade at all in December of 2017.

3 Q Were Belfort and Azoff acquainted?

4 A Yes.

5 Q Please describe their relationship.

6 A They were the best of friends. They were both very wealthy, although Azoff
7 seemed to have more. At least according to my investigation, Azoff was the one who usually
8 paid for dinners, tickets to events, travel expenses, particularly when they flew together on a
9 private jet to car rallies.

10 Q Agent Denham, I am handing you Exhibits 3 and 4. What are those?

11 A Exhibit 3 is a picture of Azoff's vacation home in Deer Valley and Exhibit 4 is a
12 picture of Belfort's home in the Yellowstone Club.

13 Q Did Azoff and Belfort use the other's residence at any time?

14 A Yes, Belfort loved the Deer Valley Ski Area, particularly after Vail Resorts
15 acquired Park City and he could use his Epic Pass at Deer Valley, Park City and The Canyons.
16 So Belfort used the Deer Valley home quite often.

17 Q And Azoff?

18 A I did not find any record of Azoff using the Yellowstone Club home.

19 Q Agent Denham, I am handing you what has been marked as Exhibits 5 and 6,
20 what are they?

21 A Exhibit 5 is a picture of the Castle Country Club to which Jordan Belfort belonged
22 and Exhibit 6 is a picture of the Lone Star Country Club to which D. Azoff belonged.

23 Q Did you review the membership records for the two clubs?

24 A Yes

25 Q Did Azoff ever host Belfort at the Lone Star Country Club?

1 A Yes, all the time. I saw payment for greens fees, dues, dinners, all sorts of things
2 where Azoff was paying for Belfort.

3 Q Did Belfort ever host Azoff at the Castle Country Club?

4 A Yes, mostly for golf, which, by the way, is really expensive!

5 Q Thank you Agent Denham, I have no further questions.

6

7 THE GRAND JURORS HAVING NO QUESTIONS, THE WITNESS WAS EXCUSED

United States v. Belfort

**In the United States District Court for the
District Court of Lone Star
CR-17-3366**

Expert Report of Mychael Wesley Powell

Prepared By:

Lone Star River Associates
One South Lava Falls Drive
Lone Star

Date: August 21, 2018

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1. EXPERT QUALIFICATIONS

1.1. John Wesley Powell

My name is John Wesley Powell. I am a Vice President of Lone Star River Associates. I graduated with distinction from Lone Star University's School of Business in 1983 and earned an MBA from Lone Star University's Kellogg School of Management in 1985. I am a CFA (Chartered Financial Analyst) charter holder, a CFE (Certified Fraud Examiner), and am associated with other professional organizations, including the Business Valuation Association and the CFA Society of Chicago.

My hourly billing rate is \$695.

1.2. Lone Star River Associates

Lone Star River Associates ("LSRA") is an international consulting firm providing economic advisory services to businesses, law firms, academic institutions and government agencies. The firm primarily advises clients on matters involving business and commercial disputes.

2. SCOPE OF ASSIGNMENT

I have been engaged by the Lone Star Attorneys Office to opine on the following:

- a. Whether knowledge of Muskateer's interest in investing in Look Ma, No Hands, (LMNH) prior to such information becoming public, would be material nonpublic information.
- b. Whether the December 31, 2017 LMNH announcement that Muskateer had agreed to purchase a 35% stake in LMNH for \$684 million ("Muskateer Announcement") had a material impact on LMNH's stock price.

3. BACKGROUND

3.1. Relevant Parties and Entities

3.1.1. LMNH

Overview

During the time of the At-Issue Trades, LMNH was a small independent technology company engaged primarily in the development of driverless car technology.

Liquidity

Leading up to the Muskateer Announcement, LMNH historically outspent its operating cash flows. Thus, it was important for it to have access to additional capital. LMNH engaged in equity transactions to generate capital to fund new technology development.

A November 7, 2017 Barron's article also discussed LMNH's history of outspending cash flows, its capital raising efforts, and the need for a long-term liquidity solution.

Prior to trading on December 31, 2017 ("the Announcement Date"), it was announced that Muskateer agreed to purchase a 35% stake in LMNH for \$19 per share or \$684 million total (the "Muskateer Announcement"). The \$19 per share purchase price represented a 23% premium to LMNH's closing stock price on the preceding trading day (\$15.51). On the announcement date, December 31, 2017, LMNH's stock closed at nearly \$19 per share (\$18.85).

The \$684 million investment by Muskateer was the largest single capital infusion that LMNH received while Jordan Belfort ("Mr. Belfort"), the Defendant in this matter, was Chairman and Chief Executive. This capital infusion was important to LMNH as it provided long-term liquidity by removing what one analyst called the "equity overhang" issue. Another analyst concluded that the Muskateer transaction removed financing concerns for the next few years, which was positive given that the "public equity markets near term were not a *good* option."

Furthermore, at the December 17, 2017 LMNH Board of Directors' meeting it was determined that a "strategic relationship with a large capital source [Muskateer] could be beneficial to stockholders."

3.1.2. Muskateer Corporation

Muskateer Corporation, also known as Muskateer Investment Company, ("Muskateer") is a privately held California company with its headquarters in Los Angeles, California. During the time of the At-Issue Trades (defined below in Section 4.2), billionaire Elon Muskateer was the sole owner of Muskateer Corporation and served as Chief Executive Officer, President, and Co-Chairman. It was Mr. Belfort's understanding that Muskateer became interested in and began reviewing LMNH around six to eight weeks prior to the December 31, 2017 Muskateer Announcement.

3.1.3. Defendant

The defendant in this matter is Jordan Belfort ("Mr. Belfort"). Mr. Belfort was the Chief Executive Officer of LMNH, and Chairman of its Board of Directors.

At LMNH's December 26, 2017 Board meeting, Mr. Belfort stated "the proposed transaction with Muskateer is unquestionably in the best interests of LMNH shareholders. He [Mr. Belfort] views the transaction as a very good opportunity for the Company [LMNH] and its shareholders that will make the Company grow significantly."

3.1.4. Others

D. Azoff

D. Azoff (Azoff) was CEO of Azoff Insurance, a family owned company that sold several types of insurance: "personal and home equity, 401K for retirement accounts, health insurance, directors insurance, and commercial insurance."

Azoff has been close personal friends with Mr. Belfort for approximately ten years. For example, during the 2017 time frame, the two communicated numerous times per week, often socialized together, attended exotic automobile shows together, and took trips together. Their children are also close friends.

Azoff Insurance sold all forms of insurance to LMNH including Directors' and Officers' (D&O), liability (operator's) insurance, property, and health insurance."

Steven Lopez

Steven Lopez (Lopez) was Azoff's personal investment broker. He handled Azoff's stock trading and cash account. Lopez and Azoff met through fraternity contacts and have been friends since 2000. Lopez handled all of Azoff's LMNH securities trading.

3.2. Matter at Issue

From late November 2017 through December 31, 2017, Belfort is alleged to have been in possession of material, nonpublic information related to the events leading up to the Muskateer Announcement. In addition, Belfort is alleged to have breached the duty of confidentiality to LMNH and its shareholders by providing material nonpublic information (related to the events leading up to the Muskateer Announcement) to D. Azoff. Azoff is alleged to have shared the material nonpublic information (related to the Muskateer Announcement) with Azoff's brothers and sisters and Mr. Lopez, the broker who placed Azoff's at-issue LMNH trades who made purchases of LMNH securities for his own personal accounts.

3.3. At-Issue Trades

I understand that the trades at-issue in this matter are the LMNH securities traded by Azoff from December 3, 2017 to the trading day before the Muskateer Announcement.

3.4. Material Nonpublic Information

Material, nonpublic information is information concerning a company that (a) is not generally known to the public and (b) if publicly known, would be likely to affect either the market price of that company's securities or a person's decision to purchase, sell, or hold that company's securities.

The following lists some examples of information that would be material nonpublic information until it became publicly known. In other words, when the information becomes publicly known, it would likely affect the market price of a company's securities or a person's decision to purchase, sell, or hold a company's securities.

- (1) Dividend increase, decrease or omission;
- (2) Quarterly earnings or sales significantly different from consensus;
- (3) Gain or loss of a major customer;
- (4) Major development specific to that industry (e.g. FDA approval of a new drug); and
- (5) Major acquisition or divestiture.

3.4.1. Earnings Information is Material

On November 8, 2017, LMNH announced its third quarter 2017 earnings results. Two days prior to the earnings announcement on November 6, 2017, D. Azoff purchased 1,250 shares of LMNH stock. He held these securities through the December 31 Muskateer Announcement.

Based upon my economic training and experience, it is my opinion that earnings and revenue information is material as this is the type of information that moves the price of a company's stock. This opinion is shared by LMNH, NASDAQ, the Chartered Financial Analysts Institute, and the SEC.

LMNH

LMNH stated in its Insider Trading Policy that earnings information was material nonpublic information:

- **Material Information.**
Information is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or state of a security. While it is not possible to define all categories of material information, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include:
 - Financial results or projections.
 - Sales figures or projections.
 - Earnings figures or projections.
 - Significant merger, acquisition, take-over bid, joint venture or change in assets.
 - Borrowing or lending of a significant amount of funds or any significant mortgaging or encumbering of LMNH's assets,
 - Significant change in capital investment plans or corporate objectives.
 - Change in control of LMNH.
 - Significant oil and gas discovery.
 - Change in senior management (meaning a change in our principal executive officer, president, principal financial officer, principal accounting officer, principal operating officer or a person performing similar functions).
 - Significant lawsuit against LMNH.
 - Events regarding LMNH's securities (e.g., decision by LMNH to buy back its own securities, default on a security, call of securities for redemption, stock split, dividend decision, change in the terms of a security, public or private sale of additional securities).

Either positive or negative information may be material.

NASDAQ

According to NASDAQ, "[c]hanges in EPS [earnings per share] and Revenue are arguably the single most important factors influencing share price." Based on this, investors would want to know earnings information when making their buy, sell, or hold decisions with respect to LMNH securities. Thus, the earnings information is material because if information (that has yet to become public) is likely to affect "a person's decision to purchase, sell, or hold that company's securities," that information is material nonpublic information.

The Chartered Financial Analysts Institute

Study materials issued by the Chartered Financial Analysts Institute state "quarterly earnings or sales significantly different from consensus" would be material because this information would likely affect the market price of a company's securities or a person's decision to purchase, sell, or hold a company's securities.

The SEC

The SEC also adopted a rule in October of 2000 that listed earnings information as the first of seven types of information or events "that are more likely to be considered material."

3.5. Stocks and Stock Options

Stocks and stock options are securities whose prices would likely be affected by material nonpublic information if publicly known.

3.5.1. Stocks

Common stock ("stock") is a security that represents ownership in a public company. Stocks are traded on at least one stock exchange or over the counter and are thus typically easily converted into cash. One purchases or sells stock through a broker. The broker typically charges a commission to execute the stock transaction.

3.5.2. Stock Options

There are two primary types of options on stocks: call options and put options. Call and put options ("options") provide buyers of options the right, but not the obligation, to buy (call) or sell (put) shares of an underlying stock. While stocks trade on a share basis, options are traded on a contract basis. One options contract equates to the right to buy or sell 100 shares of the underlying stock for a "premium" or price. Like stocks, options trade on at least one stock exchange or over the counter. Stock options traded on an exchange are standardized option contracts which provide orderly, efficient, and liquid option markets.

Stock options are purchased through a broker and the broker is paid a commission to execute the transaction.¹⁰⁴ Unlike stock, options have expiration dates. If an option position is not closed out¹⁰⁵ or exercised prior to its expiration date, it becomes worthless and ceases to exist as a financial instrument.

4. OPINIONS

As discussed in Section 2 above, I have been asked by the Lone Star Attorneys Office to provide several opinions in this matter:

- a. Whether knowledge of Muskateer's interest in investing in LMNH, prior to such information becoming public, would be material nonpublic information.
- b. Whether the December 31, 2017 Muskateer Announcement had a material impact on LMNH's stock price.
- c. The profits generated by the At-Issue Trades as of the close of trading on the date of the Muskateer Announcement, December 31, 2017.

The following sections detail my opinions.

4.1. Knowledge of Muskateer's interest in investing in LMNH, prior to it becoming public, would be material nonpublic information.

Knowledge of Muskateer's interest in investing in LMNH, prior to it becoming public, would be material nonpublic information because it is information an investor or potential investor in LMNH would want to know.

As mentioned in Section 3.4, material nonpublic information is information concerning a company that (a) is not generally known to the public and (b) if publicly known, would be likely to affect either the market price of that company's securities or a person's decision to purchase, sell, or hold that company's securities.

As discussed above, securities analysts covering LMNH took note that LMNH's technology development was capital intensive and that the firm was spending far in excess of its operating cash flows. Given LMNH's capital needs, the prospect of a large investor such as Muskateer being interested in investing in LMNH would be material nonpublic information. Both the Board and analysts covering LMNH viewed the Muskateer announcement as a significant positive in that it removed concerns about having to raise significant capital going forward to meet LMNH's own plans. The transaction was also occurring at a premium to pre-announcement market prices. Having access to information about the Muskateer deal would be something an investor or potential investor would want to know.

4.2. The 12/31/17 Muskateer Announcement had a material impact on LMNH's stock price.

The Muskateer Announcement had a material impact on LMNH's stock price. Basic finance theory tells us that stock prices reflect all the information known about the company by investors (i.e., public information).

4.2.1. Statistical Significance or LMNH's Stock price return on 12/31/17.

I used a well-accepted statistical methodology known as an event study to determine how much of LMNH's December 31, 2017 stock price movement is due to the Muskateer Announcement and to determine if this movement is material.

Based on the event study, I conclude that the Muskateer Announcement itself caused the change in stock price on December 31, 2017.

Using the actual purchase price amounts and the mark to market closing values for the option and stock positions within the At-Issue Trades on the date of the Muskateer Announcement, the At-Issue Trades generated \$97,180.59 in profits (after commissions) as shown in the figure below.

4.2.2 At-Issue Trade Profits: Actual Purchase Price less Mark to Market Value on 12/31/17.

Party	Profits (After Commissions)		
	Stock Profits	Option Profits	Total
D. Azoff	\$ 25,772.09	\$ 32,062.90	\$ 57,834.99
Steven Lopez	21,345.60	18,000.00	39,345.60

As indicated, the Lone Star Attorneys Office also asked me to calculate profits on the At-Issue Options Trades based on the actual prices paid and received when the positions were opened and closed. The At-Issue Options Trades generated \$105,178.67 in realized profits (after commissions) as shown in the figure below.

4.2.3 At-Issue Option Trade Profits: Actual Purchase Price less Actual Closing Option Value.

Party	Actual Option Profits (After Commissions)
D. Azoff	\$ 83,579.32
Steven Lopez	21,599.35

5. ACKNOWLEDGEMENT

The foregoing report represents my opinions to date in this matter. I reserve the right to supplement my report and opinions should additional information become available.

A handwritten signature in black ink, appearing to read "Michael Wesley Powell", written in a cursive style.

Mychael Wesley Powell

Date: August 21, 2018

SUBJECT: INTERVIEW WITH JORDAN BELFORT
OFFICES OF SALLY PRETORIUS, licensed private investigator

This memorandum is the result of a transcription of my notes. My notes were recorded in Gregg shorthand contemporaneously with the oral statement of Jordan Belfort. This memorandum is a substantially verbatim recital of the oral statement made by Jordan Belfort to me.

On July 1, 2018 at 9 am sharp, Jordan Belfort (DOB: June 14, 1979) arrived at my office. Belfort presented at the request of Defense Counsel who asked that I conduct a thorough interview of Belfort. Belfort was indicted on June 28, 2018 on one count of insider trading.

Belfort arrived promptly, was well groomed, sober and subdued.

Belfort was born in Fulton County to Gregg and Rosanne Belfort. Belfort has two sisters and two brothers. Belfort's father owned the local Cummins Diesel Engine distributorship and two Audi dealerships. It was a privileged childhood where Belfort wanted for nothing. Belfort's father's business pursuits instilled a love of automobiles and trucks in Belfort at an early age. Belfort showed an aptitude for mechanical engineering. In high school, Belfort took a coding class, one of the first of its kind in the country. Belfort excelled at coding. The combination of a love for automobiles and a talent for engineering and coding led Belfort to seek out a profession to combine Belfort's passion and talents.

Belfort was married, is now divorced and has three children, all girls.

Upon graduation from high school, Belfort matriculated at MIT in Boston, Massachusetts. Belfort dropped out the first semester. Belfort disliked the weather and the attitude the east-coast prep school students had towards a kid from Lone Star.

Belfort began several start-ups. Several were quite successful and provided working capital for additional projects. In 2005, Belfort read an article about the possibility of a self-driving car. Belfort was hooked. Here was a business that would combine Belfort's talents and passion – and, more importantly, make Belfort rich. Belfort was, by this time, quite well off, living in the fanciest suburb of Lone Star, driving expensive cars, wearing expensive cloths, taking extravagant vacations. But Belfort wanted more.

Belfort raised money from everyone Belfort knew and began developing the technology needed for a self-driving car. Belfort, always a bit of a punster, named the new company Look Ma, No Hands.

Belfort concentrated on the technology to allow a car to be placed on autopilot and to drive itself. Ultimately, LMNH developed ultrasonic sensors allowing for detection of both hard and soft objects at nearly twice the distance of any other system and a forward-facing radar with enhanced processing provided additional data about the world on a redundant wavelength was able to see through heavy rain, fog, dust and even the car ahead.

The development of the technology was far more difficult and time consuming than Belfort ever imagined. The drain on financial resources was immense. Nevertheless, Belfort took Look Ma, No Hands public in 2013. The company continued to hang on by a thread financially as the technology slowly came together. By early 2017 Belfort knew that the technology would work. Now, Belfort needed to get the technology into the right hands.

But the world had changed in the intervening 12 years and there was a ton of competition in the space that had not existed before. Throughout the first two quarters of 2017, Belfort tried to present the technology to and joint venture with companies in the self-driving car research and development space. No one would even talk to Belfort. Belfort was in desperate need of cash to keep LMNH afloat.

And then, a miracle happened. On December 3, 2017, Belfort received a call from an old friend who had originally invested with LMNH and had remained loyal throughout the years. Belfort's friend, Ashley Hymel, had just met with Elon Muskateer. Hymel had mentioned the technology developed by LMNH. Muskateer was interested. After all, the technology Muskateer had been developing in-house had led to some very high profile accidents, including one death, involving Muskateer's self-driving cars.

Muskateer, known for his surly attitude and general impatience, wanted to speak with Belfort the next day in Las Vegas. Belfort was elated.

Belfort called LMNH's lawyer and asked her to accompany Belfort. Belfort called Belfort's best friend for life, D. Azoff. Belfort was giddy with excitement and told Azoff about Muskateer's interest and the meeting scheduled for December 4, 2017. Belfort also asked to use Azoff's leased jet to fly to Las Vegas.

Belfort and Azoff had been best friends for several years. They were both divorced and their children were approximately the same age and also best of friends. Belfort and Azoff belonged to different country clubs and they would host each other for dinners and days at the pool. They shared a love of exotic cars and Azoff would ask Belfort to accompany Azoff to car shows. Transportation was always on the jet leased by Azoff. They also shared a love of skiing. Azoff had a second home at Deer Valley; Belfort at The Yellowstone Club. They would host each other and their families for summer and winter vacations. They shared confidences with each other and Belfort expected Azoff to maintain those confidences. Until this matter, Belfort claims that Azoff had been a vault - never once betraying a single confidence that Belfort shared.

Azoff had been an investor in some of Belfort's start-ups. Although mostly successful, Azoff lost a significant amount of money on one investment. Azoff was a business person, so Azoff didn't blame Belfort for the loss and continued to invest with Belfort.

Azoff had been an early investor in LMNH. Belfort knew that Azoff held a significant amount of stock in LMNH. Belfort said that he never discussed Azoff's trading activity in LMNH, or any other security.

Belfort and LMNH's lawyer met with Muskateer the following day at the Bellagio. Muskateer was staying in the penthouse. Thus, the meeting was very private, involving Muskateer, two of his most trusted engineers, his CEO and Belfort and LMNH's lawyer.

Belfort presented the technology to Muskateer who remained attentive but silent throughout. At the conclusion of the presentation, Muskateer looked to his two engineers. They both nodded in the affirmative ever so subtly. Muskateer looked at Belfort and said, "Would a billion dollar investment in Look Ma, No Hands be enough to give me exclusive rights to the technology you have just described?"

Belfort answered with a single word, "yes."

Muskateer then stood up and said, "Let me think about it." He then left the room.

Belfort shook hands with those remaining. Belfort and LMNH's lawyer returned to the FBO and flew back to Lone Star. Belfort stated that Belfort was incredibly disappointed. Belfort thought that a deal would be reached on December 4, but it was clear to Belfort that Muskateer was only mildly interested. Belfort did not think a deal would be made.

Belfort did not hear anything from Muskateer until December 14, 2017. On December 14, 2017, Muskateer called Belfort to say that a firm offer would be coming within the next few days. Belfort once again doubted whether that would actually happen. On December 19, 2017, Muskateer offered to buy one-third of LMNO for \$17 a share. Belfort was extremely disappointed with the offer. Belfort discussed it with the Board of Directors for LMNH. The decision was made to reject the offer.

On December 22, 2017, Muskateer increased the offer to \$19 a share for one-half of the company. The total offer was worth about \$684 million dollars. LMNH accepted the offer subject to certain terms and conditions and the right of Muskateer to perform additional due diligence.

On December 31, 2017, a press release was jointly issued by Muskateer and LMNH announcing Muskateer's investment in LMNH.

Although Belfort owned nearly 20 percent of the company, Belfort did not trade any shares of LMNH between December 3, 2017 and December 31, 2017. Belfort stated that to do so may have been illegal. Belfort acknowledged that from December 22, 2017 until December 31, 2017 Belfort was in possession of material non-public information.

Belfort stated that throughout December, Belfort spoke at length with Azoff about the negotiations and status of the purchase by Muskateer. Although Belfort never had an explicit conversation with Azoff, Belfort at all times assumed that Azoff, who is a sophisticated investor, would keep the information about Muskateer confidential and would not trade on the information. Belfort said it should have been obvious to Azoff that trading on the information about Muskateer might be considered illegal. Belfort stated that Azoff had always been scrupulous in protecting private information from Belfort and vice versa. Belfort said the shock and dismay of learning that Azoff had traded on the information devastated Belfort.

Belfort has not spoken to Azoff since learning that the confidence was betrayed and that Azoff traded in LMNH stock during the month of December 2017. Belfort remembers sending Azoff an email sometime in December, but believes that was the last communication that he had with Azoff. However, Belfort is grateful that Azoff has taken responsibility for the illegal trading engaged in during December, plead guilty to insider trading and hopes that one day they can again be best friends for life.

Belfort knows Shannon White. Belfort would describe their friendship as casual acquaintances. Belfort believes that Belfort attended several holiday parties where White

was also a guest in December of 2017. Belfort does not recall mentioning the Muskateer potential investment to White. However, Belfort was so excited about the deal and might have let something slip. Belfort would never have said anything to encourage White to trade on the information.

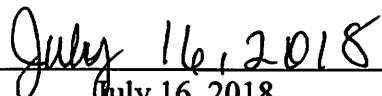
Adoption of Statement

I, Jordan Belfort, having had full and fair opportunity to completely review the forgoing INTERVIEW OF JORDAN BELFORT BY SALLY PRETORIOUS do hereby adopt and approve such statement. Such statement is an accurate and complete record of my interview with Investigator Sally Pretorius.

I further state and affirm that the foregoing Statement is a full and complete account of all matter relevant to the events of December 3, 2017 through December 21, 2017, to the best of my memory and recollection. I have not omitted any important facts or details about the incident or about any of the participants.



Jordan Belfort



July 16, 2018

SUBJECT: INTERVIEW OF D. AZOFF
BY ASHLEY HYMEL, licensed private investigator

This memorandum is the result of a transcription of my notes. My notes were recorded in Gregg shorthand contemporaneously with the oral statement of D. Azoff. This memorandum is a substantially verbatim recital of the oral statement made by D. Azoff to me.

On October 1, 2018, I met with D. Azoff (DOB: August 1, 1985) and Azoff's criminal defense counsel. Azoff was indicted for insider trading on June 28, 2018 in connection with the purchase of securities based on Azoff's possession of material, non-public information about Muskateer's interest in investing in Look Ma, No Hands. Azoff plead guilty to the charge on September 25, 2018 and is awaiting sentencing.

Azoff explained that that Azoff's first name was in fact the letter "D." Azoff's parents could not agree on a name, so they settled on a letter.

Azoff was born and raised in Lone Star. Azoff was the third generation to own and operate the family's insurance brokerage business. The business was very lucrative. Because of the events involving Look Ma, No Hands, Azoff has been removed as CEO and it appears that the business will not survive given the extensive bad press that has been generated as a result of Azoff's involvement in the LMNH's disaster and Azoff's guilty plea.

Azoff cried often during the interview. It broke my heart.

Azoff attended the University of Lone Star. Azoff was an average student and vastly preferred racing the family's fleet of Porsche's to studying. Nevertheless, Azoff was the "pick of the litter" and inherited the role of CEO of the Azoff Insurance Corporation, a family owned and closely held corporation in the business of selling and servicing insurance as a Lone Star licensed brokerage firm. Azoff excelled in the position of CEO tripling the already substantial business of the brokerage firm. As a result, Azoff was welcomed in to the Lone Star Country Club and purchased a home on the slopes of Deer Valley. Azoff was married for twelve years but is now divorced. Azoff has joint custody of the three children who were born during that marriage, all girls.

Azoff met Jordan Belfort through their shared love of exotic cars. They first met at the Lone Star National Car Show. Soon they were traveling to car shows around the country together – always on the private jet leased by Azoff through NetJets. Their girls are of similar ages and also became fast friends. As a result, the two families vacationed together, skied together (most often at either Deer Valley or The Yellowstone Club where

Azoff and Belfort had homes), and spent time at the family's different country clubs. Azoff indicated that over the life time of their friendship, entertainment and travel costs were probably split very evenly.

Azoff invested heavily in many of Belfort's start-ups. When Belfort came to Azoff seeking an investment in LMNH, Azoff knew immediately that there was huge potential. Azoff contributed start-up capital and bought additional shares once the company went public. However, over time, it looked like LMNH was going to fail. It was just taking too long to develop the technology and there was substantial competition in the space. Azoff began selling shares of LMNH, although Azoff did not have the heart to tell Belfort that Azoff was losing confidence in the technology.

Azoff was cautiously optimistic when Belfort told Azoff that the technology was perfected and that it was only a matter of time until they were all wildly rich.

Then the article in Barron's was published and Azoff got really, really worried. Azoff called Belfort after the Barron's article. Azoff said that Belfort told Azoff, "The Barron's article is bogus, Look Ma, No Hands will hit its numbers in the third quarter. Those numbers will be announced this coming Thursday." Upon hearing this information, Azoff emailed two friends and told them: "I had a dialogue with a friend, of whom you know. Do not sell this stock, rather buy more. The article is bogus, LMNH will hit its numbers at this Thursday's announcement."

So Azoff hung in there. Next thing Azoff knew, Belfort was calling on December third with the news that Muskateer was very interested in LMNH. Belfort told Azoff that Belfort was flying to Las Vegas for a super-secret meeting that very day to see if they could strike a deal. Azoff had never heard Belfort so excited.

Azoff hung up the phone and bought 1750 options of LMNH. Azoff knew that the information was confidential. Azoff knew that Belfort would be really angry if Belfort found out that Azoff had traded on the information. But Azoff couldn't stop. It was just too tempting.

I showed Azoff a chart of the purchases made by Azoff between November 6, 2017 and January 9, 2018. Azoff confirmed the accuracy of the chart.

All of Azoff's trades were executed by his broker who lives in Windy City. Azoff stated that Azoff NEVER shared the information obtained from Belfort with the broker.

Azoff said the information was only shared with family members. Azoff specifically identified the Azoff family members with whom the information had been shared as Azoff's brothers and sisters. Azoff confirmed that an email had been sent to the family members that stated:

"Brothers and sisters: Are you available for a call at 4:00 this coming Monday. This is in regard to the Azoff Family Partnership. I have information of an investment opportunity that I'd like to discuss with all of you. The nature of this is highly unique. This is unusual but could reap huge rewards in a fairly short time frame. The information I have is not to be shared by email. Let me know. D"

In sum, Azoff admitted Azoff told only his brothers and sisters about the information from Belfort throughout the month of December. Azoff said Azoff was well known for not being able to keep a secret. Azoff confirmed that Belfort knew this.

Adoption of Statement

I, D. Azoff, having had full and fair opportunity to completely review the forgoing INTERVIEW OF D. AZOFF BY ASHLEY HYMEL do hereby adopt and approve such statement. Such statement is an accurate and complete record of my interview with Investigator Hymel.

I further state and affirm that the foregoing Statement is a full and complete account of all matter relevant to the events of December 3 to December 31, 2017, to the best of my memory and recollection. I have not omitted any important facts or details about the incident or about any of the participants.



D. Azoff



October 10, 2018

FEDERAL BUREAU OF INVESTIGATION

Date of entry 5/16/2018

Shannon White, residence address 700 Cherry Street, Lone Star, phone number (800) 802-8023, was interviewed at the Lone Star Attorney's Office (LSAO) regarding an insider trading investigation involving Look Ma, No Hands (LMNH) stock. White is her maiden name and she goes by Shannon White. White was represented by Luis Williams of Williams & Buckmelter, P.C., 9889 East Belleview Avenue, Lone Star. Present for the interview were Assistant Lone Star Attorney (ALSA) Courtney Perez, and Special Agent (SA) Pat Denham, After being advised of all of the participants' identities and the nature of the interview, White provided the following information:

White has known D. Azoff for about 10 years. They ran in the same social circles and that is how they met. They started dating in 2015 or 2016. White was a member of the same country club, Lone Star Country Club, as D. Azoff. White and D. Azoff were both married when they first met. White divorced in 2012 and D. Azoff divorced in 2013, so White and D. Azoff started dating in the 2014 time frame. They dated on and off for about two years. During times when they were "off," they were not exclusive.

In 2017 White was living out of the country in Mozambique. White moved back to the United States the third week of October 2017. White had infrequent e-mail contact with Azoff while abroad. Azoff was dating Atina with a last name White cannot pronounce. White had infrequent contact with Azoff in November and December 2017. White and Azoff's relationship was tumultuous for the good and bad.

Investigation on LMNH at Lone Star(In Person)

File # 318D-DN-90456

Date drafted 5/20/2018

by Pat Denham, Special Agent

This document contains neither recommendations nor conclusions of the Lone Star Bureau of Investigations. It is the property of the LSBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

Azoff led White to believe that the relationship with Atina was over and White thought they (White and Azoff) would reconcile.

In November 2017 White had just started working at Wildwood. White kept an Outlook calendar for social and work appointments and engagements. The calendar was kept on a personal PC computer. The PC crashed earlier this year and there is no backup of the calendar. White did not keep paper copies of the calendar.

In December 2017 D. Azoff was living in his Goldcoast house. It is a two story, five bedroom house. Azoff currently lives there but is trying to sell it. Azoff was not officially or unofficially living with Atina at that time.

There was an occasion when White, Azoff, and Atina were all at Azoff's house at the end of 2017. White was out at a bar or restaurant downtown with friends and randomly ran into Azoff on the way out of the bar or restaurant. White was going to call a cab to get home and Azoff offered to drive White home - they live close to each other. When they got to White's house, White realized that she had left her keys with the valet and could not get into her house. Azoff offered for her to come to Azoff's house. White did because she had no choice, she could not get in her house. They had not been at Azoff's house more than about 20 minutes when Atina pulled in and let herself into the house. Atina was very angry and asked White to leave. Azoff drove White back to her house. On the drive over, Azoff told White that Azoff and Atina were going on a trip/vacation the next day. White thought the trip was to Mexico. Azoff was able to crawl through an open window and get into White's house to get her in. White was livid with Azoff for putting her in the position Azoff put her in and told Azoff not to talk to her. There was a period of non-communication that followed. White does not remember which bar she was at that night. It could have been Oak Tavern.

White thinks Azoff reached out to apologize after the incident.

White's phone carrier at the time was Verizon.

White and Azoff discussed business a lot. Azoff was the CEO of the family's insurance brokerage firm in 2016 or 2017. They were both business-minded people.

White did not have many investments at the time. She had funded her year abroad by clearing out many of her investments. She still had her 401K and such, but did not have much money in other investments. White did not particularly discuss her investments with Azoff. White did not recall Azoff bringing up Azoff's investment strategies and talking to White about them, but occasionally Azoff would talk about friends' businesses.

White knew about Look Ma, No Hands, when she met Jordan Belfort. White has known Belfort for about the same amount of time as she has known Azoff. At some point White's relationship with Belfort changed from acquaintance to good friends. Belfort and Azoff are very good friends. Belfort is divorced. The divorce was final a year ago, but it was a 3 to 4 year process of divorce. White thinks that Belfort was separated in 2017. White never dated Belfort. Belfort would talk to White about LMNH generally such as, "how are things going? ... they're going good." White and Belfort did not have intimate one-on-one conversations about LMNH.

Belfort and White's dad, Michael White, struck up a conversation at a small get together that White had at her house. White was not present for the conversation but her dad told her about it. Michael has friends in the automobile business and was impressed with Belfort and LMNH. Michael made a small investment of 500 shares in LMNH based on this conversation. This was the first and only time that Michael met Belfort. White thought this get together was a few weeks prior to the night her and Azoff had the falling out with regards to Atina. It was a small group of people, maybe 5-10 people, over for drinks. White's dad stopped by, had a conversation with Belfort, and told her about a week later that he made a small investment in LMNH. Yesterday, May 15, 2018, Michael told White that he bought LMNH stock on December 24, 2017.

White did not remember receiving any text messages from Azoff in December 2017 regarding investing in LMNH. She did not recall a text message from Azoff that said something to the effect of if you have some extra money, put it on LMNH.

Belfort and Azoff talked about good things happening at LMNH.

White socialized with Belfort during the timeframe of Christmas 2017. White thought the get together at her house was probably post-Thanksgiving and before Christmas.

In social settings, including Christmas parties, during this timeframe, Belfort talked about how things were picking up at Look Ma, No Hands. LMNH had been struggling. White did not know the details about why LMNH was struggling,

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but there was a buzz about good things happening with LMNH. White did not specifically remember who else was present when Belfort was talking about LMNH in this way. White told Belfort that she did not have any money at the time to invest in LMNH. White would have said this in passing somewhat in a joking manner. No one told White to go buy stock.

Azoff was not at the get together at her house so White thinks it was after the incident with Atina. Otherwise, she would have probably invited Azoff as well.

White has heard of Muskateer in terms of him potentially investing in LMNH. It was common knowledge. Azoff knew it. Belfort knew it and was the source of the information. White does not think her dad knew it or the specifics of LMNH. White knew about Muskateer in this context in the timeframe before Christmas 2017. White does not remember if she knew it before her get together. White never attended any LMNH events. White does not remember if she attended any Azoff Insurance Company events. White attended parties that Belfort would have also gone to, but White could not specifically recall which ones. Wildwood had a party, but Belfort was not there.

Muskateer was a potential investor according to Belfort. White heard this before January 2018 and before Christmas Eve 2017. White did not hear a specific amount Muskateer would invest or when it was going to happen. No one told White that Muskateer potentially investing in LMNH was confidential information. Belfort did not tell her this was confidential information. This was common knowledge amongst the circle of friends that White socialized with. The common knowledge was that good things were happening at LMNH because Muskateer was possibly investing. The people who were talking about it included Belfort and Azoff.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF LONE STAR
No. CR-17-3366

<p>THE UNITED STATES OF LONE STAR,</p> <p>Prosecution,</p> <p>v.</p> <p>Jordan Belfort</p> <p>Defendant.</p>	<p>IN THE UNITED STATES DISTRICT COURT</p> <p>FOR</p> <p>THE DISTRICT OF LONE STAR</p>
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THE COURT'S INSTRUCTIONS OF LAW TO THE JURY

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I. GENERAL INSTRUCTIONS

INSTRUCTION NO. 1

Duty of the Court

We are now approaching the most important part of this case, your deliberations. You have heard all of the evidence in the case, as well as the final arguments of the lawyers for the parties. Before you retire to deliberate, it is my duty to instruct you as to the law that will govern your deliberations. As I told you at the start of this case, and as you agreed, it is your duty to accept my instructions of law and apply them to the facts as you determine them.

Regardless of any opinion that you may have as to what the law may be or ought to be, it is your sworn duty to follow the law as I give it to you. Also, if any attorney or other person has stated a legal principle different from any that I state to you in my instructions, it is my instructions that you must follow.

Because my instructions cover many points, I have provided each of you with a copy of them, not only so that you can follow them as I read them to you now, but also so that you can have them with you for reference throughout your deliberations. In listening to them now and reviewing them later, you should not single out any particular instruction as alone stating the law, but you should instead consider my instructions as a whole.

INSTRUCTION NO. 2

Duty of The Jury

Your duty is to decide the fact issues in the case and arrive, if you can, at a verdict. You, the members of the jury, are the sole and exclusive judges of the facts. You pass upon the weight of the evidence; you determine the credibility of the witnesses; you resolve such conflicts as there may be in the testimony; and you draw whatever reasonable inferences you decide to draw from the facts as you determine them.

In determining the facts, you must rely upon your own recollection of the evidence. To aid your recollection, we will send you at the start of your deliberations all the exhibits received in evidence except for the tape recordings, plus an index to help you locate particular exhibits you might want to review. As for the tapes, we will send you the transcripts as an aid to refreshing your recollection; and if you want the tapes themselves played, let us know and we will arrange it. Finally, if you need to review particular items of testimony, we can arrange to provide them to you in transcript or read-back form.

Please remember, however, that none of what the lawyers have said in their opening statements, in their closing arguments, in their objections, or in their questions, is evidence. Nor is anything I may have said evidence. The evidence before you consists of just three things: the testimony given by witnesses that was

received in evidence, the exhibits that were received in evidence, and the stipulations of the parties that were received in evidence.

Testimony consists of the answers that were given by the witnesses to the questions that were permitted. Please remember that questions, although they may provide the context for answers, are not themselves evidence; only answers are evidence, and you should therefore disregard any question to which I sustained an objection. Also, you may not consider any answer that I directed you to disregard or that I directed be stricken from the record. Likewise, you may not consider anything you heard about the contents of any exhibit that was not received in evidence.

Furthermore, you should be careful not to speculate about matters not in evidence. For example, there is no legal requirement that the Government prove its case through a particular witness or particular kind of evidence or by use of a particular law enforcement technique or forensic test. Nor should you speculate about why one or another person whose name may have figured in the evidence is not part of this trial or what his or her situation may be. Also, as I previously instructed you, you should continue to turn away from any media article or report about this case or about the people, companies, or issues referred to during this trial, and not be affected by any outside information from any source whatsoever.

In other words, your focus should be entirely on assessing the evidence that was presented here for your consideration, and on nothing else.

It is the duty of the attorney for each side of a case to object when the other side offers testimony or other evidence that the attorney believes is not properly admissible. Counsel also have the right and duty to ask the Court to make rulings of law and to request conferences at the side bar out of the hearing of the jury. These conferences, I know, were sometimes lengthy, but I assure you that they were necessary to make certain that you only heard evidence that was relevant and proper. You should not show any prejudice against any attorney or party because the attorney objected to the admissibility of evidence, or asked for a conference out of the hearing of the jury, or asked me for a ruling on the law.

I also ask you to draw no inference from my rulings or from the fact that upon occasion asked questions of certain witnesses. My rulings were no more than applications of the law and my questions were only intended for clarification or to expedite matters. You are expressly to understand that I have no opinion as to the verdict you should render in this case.

INSTRUCTION NO. 3

Duty of Impartiality

You are to perform your duty of finding the facts without bias or prejudice as to any party. You are to perform your final duty in an attitude of complete fairness and impartiality. You are not to be swayed by rhetoric or emotional appeals.

The fact that the prosecution is brought in the name of the United States of America entitles the Government to no greater consideration than that accorded any other party. By the same token, it is entitled to no less consideration. All parties, whether the Government or individuals, stand as equals at the bar of justice.

Please also be aware that the question of possible punishment is the province of the judge, not the jury, and therefore it should not in any way enter into or influence your deliberations. Your duty is to weigh the evidence and not be affected by extraneous considerations.

It must be clear to you that if you were to let bias, or prejudice, or fear, or sympathy, or any other irrelevant consideration interfere with your thinking, there would be a risk that you would not arrive at a true and just verdict. So do not be guided by anything except clear thinking and calm analysis of the evidence.

INSTRUCTION NO. 4

Presumption of Innocence and Burden of Proof

The defendant here, Jordan Belfort, is charged with a federal crime about which I will instruct you shortly. Please bear in mind, however, that a charge is not itself evidence of anything.

The defendant has pled not guilty. To prevail against the defendant on a charge, the Government must prove each essential element of that charge beyond a reasonable doubt. If the Government succeeds in meeting this burden, your verdict should be guilty on that charge; if it fails, your verdict must be not guilty on that charge. This burden never shifts to the defendant, for the simple reason that the law presumes a defendant to be innocent until proven guilty and therefore never imposes upon a defendant in a criminal case the burden or duty of calling any witness or producing any evidence.

In other words, as to each charge, a defendant starts with a clean slate and is presumed innocent until such time, if ever, that you as a jury are satisfied that the Government has proven that he is guilty of that charge beyond a reasonable doubt.

INSTRUCTION NO, 5

Reasonable Doubt

Since, in order to convict the defendant of a given charge, the Government is required to prove that charge beyond a reasonable doubt, the question then is: what is a reasonable doubt? The words almost define themselves. It is a doubt based upon reason. It is doubt that a reasonable person has after carefully weighing all of the evidence, It is a doubt that would cause a reasonable person to hesitate to act in a matter of importance in his or her personal life. Proof beyond a reasonable doubt must, therefore, be proof of a convincing character that a reasonable person would not hesitate to rely upon in making an important decision.

A reasonable doubt is not caprice or whim. It is not speculation or suspicion. It is not an excuse to avoid the performance of an unpleasant duty. The law does not require that the Government prove guilt beyond all possible doubt: proof beyond a reasonable doubt is sufficient to convict.

If, after fair and impartial consideration of the evidence, you have a reasonable doubt as to the defendant's guilt with respect to a particular charge against him, you must find the defendant not guilty of that charge. On the other hand, if after fair and impartial consideration of all the evidence, you are satisfied beyond a reasonable doubt of the defendant's guilt with respect to a particular

charge against the defendant, you should not hesitate to find the defendant guilty of that charge.

INSTRUCTION NO. 6

Direct and Circumstantial Evidence

In deciding whether or not the Government has met its burden of proof, you may consider both direct evidence and circumstantial evidence.

Direct evidence is evidence that proves a disputed fact directly. For example, where a witness testifies to what he or she saw, heard or observed, that is called direct evidence.

Circumstantial evidence is evidence that tends to prove a disputed fact by proof of other facts. To give a simple example, suppose that when you came into the courthouse today the sun was shining and it was a nice day, but the courtroom blinds were drawn and you could not look outside. Then later, as you were sitting here, someone walked in with a dripping wet umbrella and, soon after, somebody else walked in with a dripping wet raincoat. Now, on our assumed facts, you cannot look outside of the courtroom and you cannot see whether or not it is raining. So you have no direct evidence of that fact. But, on the combination of the facts about the umbrella and the raincoat, it would be reasonable for you to infer that it had begun raining.

That is all there is to circumstantial evidence. Using your reason and experience, you infer from established facts the existence or the nonexistence of

some other fact. Please note, however, that it is not a matter of speculation or guess: it is a matter of logical inference.

The law makes no distinction between direct and circumstantial evidence. Circumstantial evidence is of no less value than direct evidence, and you may consider either or both, and may give them such weight as you conclude is warranted.

INSTRUCTION NO. 7

Witness Credibility

It must be clear to you by now that counsel for the Government and counsel for the defendant are asking you to draw very different conclusions about various factual issues in the case. Deciding these issues will involve making judgments about the testimony of the witnesses you have listened to and observed. In making these judgments, you should carefully scrutinize all of the testimony of each witness, the circumstances under which each witness testified, and any other matter in evidence that may help you to decide the truth and the importance of each witness's testimony.

Your decision whether or not to believe a witness may depend on how that witness impressed you. How did the witness appear? Was the witness candid, frank, and forthright; or, did the witness seem to be evasive or suspect in some way? How did the way the witness testified on direct examination compare with how the witness testified on cross-examination? Was the witness consistent, or contradictory? Did the witness appear to know what he or she was talking about? Did the witness strike you as someone who was trying to report his or her knowledge accurately? These are examples of the kinds of common sense questions you should ask yourselves in deciding whether a witness is, or is not, truthful.

How much you choose to believe a witness may also be influenced by the witness's bias. Does the witness have a relationship with the Government or the defendant that may affect how he or she testified'? Does the witness have some incentive, loyalty, or motive that might cause him or her to shade the truth'? Does the witness have some bias, prejudice, or hostility that may cause the witness to give you something other than a completely accurate account of the facts he or she testified to?

Please bear in mind, however, that the fact that certain witnesses met with the Government in preparation for their testimony, while declining to meet with the defense, is not necessarily evidence of any bias. While any witness can be subpoenaed to testify by either side, no witness is required to meet with either side in advance of testifying. Also, it is routine for a witness to meet in advance with counsel for the party that is calling that witness. Nonetheless, you may, if you wish, consider any and all circumstances of a witness's preparation as bearing on bias, or not, as you choose.

You have heard testimony from one witnesses – D. Azoff -- who has pled guilty to criminal activity. You may not draw any conclusions or inferences about the guilt of the defendant from the fact that a witness pled guilty to a crime that may be similar or related to the crimes charged against the defendant, as a witness's decision to plead guilty was a personal decision about their own guilt and not

anyone else's. The law does not permit a defendant to be found guilty simply based on the association with some guilty party.

II. THE CHARGE

INSTRUCTION NO. 8

Securities Fraud

Count I charges Jordan Belfort with unlawfully disclosing to D. Azoff certain "inside information" that D. Azoff then used in connection with the purchase or sale of stocks.

Specifically, Count 1 charges Jordan Belfort with unlawfully disclosing to D. Azoff between December 3 and December 31, 2017, material nonpublic information regarding Elon Muskateer's interest in purchasing a significant portion of Look Ma, No Hands.

The Government, in order to convict on that count, must prove each of the following three elements beyond a reasonable doubt:

First, that on or about the date alleged, Jordan Belfort engaged in an "insider trading" scheme, in that, in anticipation of receiving at least some modest benefit in return, he provided to D. Azoff the material non-public information, with the expectation that D. Azoff would trade on that information.

Second, that when he engaged in this scheme, Jordan Belfort acted knowingly, willfully, and or with the intent to defraud Look Ma, No Hands.

Third, that in furtherance of the scheme, there occurred at least one use of any means or instrument of transportation or communication in interstate

commerce, or the use of the mails, or the use of any facility of any national securities exchange.

Let me say a few words about each of these elements:

As to the first element, Jordan Belfort, as a director and CEO of Look Ma, No Hands, had a legal duty not to disclose nonpublic information about the company to anyone outside the company unless authorized to do so. This nonpublic or "confidential" information is called "inside information." Such "inside information" is "material" if a reasonable investor would consider it important in deciding whether to buy or sell the stock of the company as to which the information relates.

Therefore, in order to establish the first element, the Government must prove beyond a reasonable doubt that on or about the dates specified, (a) Jordan Belfort disclosed to D. Azoff the information specified and that it was material nonpublic information; (b) Jordan Belfort anticipated that D. Azoff or others would trade on the basis of that information and that they then did so by buying or selling shares of Look Ma, No Hands; and (c) Jordan Belfort, in return for providing this information, anticipated receiving some personal benefit. As to the "benefit" that the defendant anticipated receiving, the benefit does not need to be financial or be tangible in nature; it could include, for example, maintaining a good relationship with a frequent business partner, or obtaining future financial benefits.

As to the second element, the Government must prove beyond a reasonable doubt that Mr. Belfort undertook the insider trading scheme set forth in a given count "knowingly" (that is, consciously and voluntarily, rather than by mistake or accident or mere inadvertence), "willfully" (that is, deliberately and with a bad purpose), and with an "intent to defraud" the company in question (that is, with an intent to deprive the company in question of the confidentiality of its information).

Since the Government must prove an intent to defraud, it follows that good faith on the part of the defendant is a complete defense to a charge of substantive securities fraud. That is, the law is not violated if a defendant held an honest belief that his actions were proper and not furtherance of any unlawful scheme. However, the defendant does not bear the burden of proving good faith; it remains at all times the Government's burden to prove beyond a reasonable doubt that a defendant acted knowingly, willfully, and with an intent to defraud.

As to the third element, the Government must prove beyond a reasonable doubt that either the disclosure of the information or the consequent trading based on that disclosure involved at least one use of an instrumentality of interstate commerce, such as an interstate telephone call, or a use of the mails, or a use of a facility of a national securities exchange, such as a stock trade made on the Lone Star Stock Exchange.

INSTRUCTION NO. 9

Misappropriation Theory

In this case, Jordan Belfort is the alleged tipper, the person who gave the information, and D. Azoff is the alleged tippee, the person who received the information and traded on it. The law permits a tippee to be liable for insider trading under the Lone Star Securities Exchange Act even when the tipper did not violate the law. This sometimes happens when a tipper shares material, nonpublic information inside of a confidential relationship and expects that information to remain confidential. If the tippee misuses, or “misappropriates,” that information to trade in securities, he breaches the duty of confidentiality he owes to the tipper and can be liable for insider trading. But, even though the tippee is liable, the tipper may not be if, for example, he did not act knowingly or recklessly or he does not receive a personal benefit. However, if the elements listed in Instruction No. 8 Securities Fraud are fulfilled with respect to the tipper, the tipper is liable for insider trading whether or not he had a confidential relationship with the tippee.

INSTRUCTION NO. 10

Selection of Foreperson; Right to See Exhibits and Hear Testimony;

Communications with the Court

You will shortly retire to the jury room to begin your deliberations. As soon as you get to the jury room, please select one of your jurors as the foreperson, to preside over your deliberations and to serve as your spokesperson if you need to communicate with the Court.

You will be bringing with you into the jury room a copy of my instructions of law, and a verdict form on which to record your verdict. [Verdict form shown to jury]. In addition, we will send into the jury room all of the exhibits that were admitted into evidence, except for the tapes, along with an index to the exhibits. If you want any of the testimony provided, that can also be done, either in transcript or readback form. But, please remember that it is not always easy to locate what you might want, so be as specific as you possibly can be in requesting portions of the testimony.

We will not send the audiotapes to the jury room, since equipment is needed to play them, but you can send us a note if you want them played for you here in the courtroom.

Any of your requests, in fact any communication with the Court, should be made to me in writing, signed by your foreperson, and given to the Marshal, who

will be available outside the jury room throughout your deliberations. After consulting with counsel, I will respond to any question or request you have as promptly as possible, either in writing or by having you return to the courtroom so that I can speak with you in person.

INSTRUCTION NO. 11

Verdict; Need for Unanimity; Duty to Consult

You should not, however, tell me or anyone else how the jury stands on any issue until you have reached your verdict and recorded it on your verdict form. As I have already explained, the Government, to prevail on a given charge against the defendant, must prove each essential element of that charge beyond a reasonable doubt. If the Government carries this burden, you should find the defendant guilty of that charge. Otherwise, you must find the defendant not guilty of that charge.

Each of you must decide the case for yourself, after consideration, with your fellow jurors, of the evidence in the case; and your verdict must be unanimous. In deliberating, bear in mind that while each juror is entitled to his or her opinion, each should exchange views with his or her fellow jurors. That is the very purpose of jury deliberation -- to discuss and consider the evidence; to listen to the arguments of fellow jurors; to present your individual views; to consult with one another; and to reach a verdict based solely and wholly on the evidence. If, after carefully considering all the evidence and the arguments of your fellow jurors, you entertain a conscientious view that differs from the others, you are not to yield your view simply because you are outnumbered. However, you should not hesitate to change an opinion which, after discussion with your fellow jurors, now appears to you erroneous.

In short, your verdict must reflect your individual views and must also be unanimous.

This completes my instructions of law.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF LONE STAR
No. CR-17-3366

THE UNITED STATES OF LONE STAR,	§	IN THE UNITED STATES
	§	DISTRICT COURT
Prosecution,	§	
	§	
v.	§	FOR
	§	
Jordan Belfort	§	
	§	
Defendant.	§	THE DISTRICT OF LONE STAR
	§	

JURY VERDICT
COUNT 1: SECURITIES FRAUD

-
- I. We, the jury, find the defendant, Jordan Belfort,
NOT GUILTY of Count 1, Securities Fraud.

FOREPERSON

- II. We, the jury, find the defendant, Jordan Belfort,
GUILTY of Count 1, Securities Fraud.

FOREPERSON

* The foreperson should only sign section I *or* section II above.

D. Azoff Trades in Look Ma, No Hands, 11/1/17-12/31/17

Date	Purchase or Sale	Account	[O]ptions/ [S]hares	Number of Options/ Shares	Cost/Proceeds (Post- Commissions)	Average Cost/Proceeds per share (Post- Commissions)	Option Exercise Date/Strike Price	LMNH Closing Stock Price
11/6/2017	Purchase	Azoff Acct	S	1250	\$19,562.00	\$15.65		
12/03/2017	Purchase	Azoff Acct	S	1750	\$24,435.01	\$13.96		
12/10/2017	Purchase	Azoff Acct	S	4000	\$71,016.36	\$17.75		
12/19/2017	Purchase	Azoff Acct	O	200	\$21,035.29		\$20.00, 03/22/18	\$14.92
12/24/2017	Purchase	Azoff Acct	S	3000	\$47,217.76	\$15.74		
12/24/2017	Purchase	Azoff Acct	O	90	\$9,058.26		\$20.00, 03/22/18	\$15.20
12/31/2017	Purchase	Azoff Acct	S	4000	\$77,167.00	\$19.29		
12/31/2017	Purchase	Azoff Acct	O	114	\$39,900.00		\$17.50, 03/22/18	\$18.85
12/31/2017	Sale	Azoff Acct	O	90	\$6,974.88			
1/8/2018	Sale	Azoff Acct	O	114	\$61,895.69			
1/9/2018	Sale	Azoff Acct	O	290	\$113,672.87			



Azoff Home in Deer Valley

EXHIBIT 3



Belfort Home in The Yellowstone Club



Castle Country Club

EXHIBIT 5



Lone Star Country Club



Leased Azoff jet

FEATURE

Day of Reckoning

Without a major success soon, Look Ma, No Hands could hit the skids

By Andrew Left

Updated November 5, 2017

THE DAYS ARE NUMBERED for Look Ma, No Hands. As the hype and hope around self-driving cars continues to pervade the public discussion and fuel speculation in the investment world, Look Ma, No Hands is about to disappear.

Look Ma, No Hands is one of the small fry, but it is unlikely to ever be a player in the world of self-driving cars. When the company reports third-quarter results Thursday, shareholders probably will focus more on the Lone Star company's reports on technology advances than on the quarterly numbers.

In particular, they'll look for good news on the projects the company has touted as potentially significant developments in the technology to make the dream of a self-driving car a reality. Given LMNH's funding needs, tepid cash-flow growth and history of over promising and underperforming, any disappointment could batter the stock, now around 17, versus a high of 24 earlier this year.

Without a major technological breakthrough, the shares could sag further, perhaps by 20% or more. Analysts generally expect LMNH to bleed red ink this year and maybe next. And, Merrill Lynch warns, it might need to go to the capital markets again next year to fund 2019 operations.

LMNH has already raised over \$300 million in four equity transactions in the past 30 months, of which some \$178 million came in early 2017 after it violated debt covenants and restrictions. It is now in compliance.

THE NEAR FUTURE DOESN'T look rosy. The consensus expectation is for losses of 65 cents a share this year and 39 cents next year. Assuming the company executes on its business plan forecast, we estimate it will exit 2018 with minimal cash, a tapped-out line of credit and a 51% net-debt-to-capital ratio.

THE BOTTOM LINE: LMNH can ill afford to disappoint investors, if it does, its stock, already off this year but still at a premium to its peers, soon could slide another 20% or more.

From: D. Azoff
Sent: Tuesday, November 06, 2017 8:42 PM
To: Jonathan Zende Del; Raymond Baeza
Subject: RE: interesting

Guys - I had dialogue a friend, of whom you know.
Do not sell this stock, rather buy more. The article is bogus, Look Ma, No Hands will hit the numbers at this Thursday's announcement.

COVERAGE & CONFIDENTIALITY: Please note that, at our firm, coverage cannot be bound or altered without written confirmation from an authorized representative. In addition, the information contained in this electronic message should be considered confidential, and is intended solely for the use of the individual or entity to which it is addressed. Copying, dissemination, or disclosure of this information is strictly prohibited without the express permission of the sender. If you are not the intended recipient, please delete this message and notify the sender immediately. Thank you.

----- Original Message -----
From: Jonathan Zende Del
Sent: Monday, November 05, 2017 1:21 PM To:
Raymond Baeza; D Azoff
Subject: interesting

Hey there - you see the article on Look Ma, No Hands in Barron's?

D - it looks bad for your buddy

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

Pat Denham (Lone Star)

From: Steven Lopez
Sent: December 24, 2017
To: [D. Azoff](#)
Subject: Re: Lock Ma, No Hands

I will be be alone in 15 minutes.

Sent from my BlackBerry Wireless Handheld

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

From: D. Azoff
To: Steven Lopez
Sent: Dec 24, 2017 17:36:42
Subject: Re: Lock Ma, No Hands

Yes. I'll call you when my buddy is off the phone

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

From: Steven Lopez
To: D. Azoff
Sent: Sun Dec 24, 2017 15:33:40
Subject: Re: Look Ma, No Hands

Great. Anyway to talk in the next 30-60 minutes?

Sent from my BlackBerry Wireless Handheld

--- Original Message ---

From: D. Azoff
To: Steven Lopez
Sent: Sat Dec 22, 2017 17:33:44
Subject: Re: Look Ma, No Hands

Thanks I'll call when I'm alone

--- Original Message ---

From: Steven Lopez
To: D. Azoff
Sent: Sat Dec 22, 2017 15:30:11
Subject: Re: Look Ma, No Hands

Sure. I will be going to the airport at 10:45 cdt if that works. Otherwise, whenever. I am open.

Sent from my BlackBerry Wireless Handheld

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

From: D. Azoff

To: Steven Lopez

Sent: Sat Dec 22, 2017 15:27:37

Subject: Look Ma, No Hands

Hey buddy,

Are you available to talk tomorrow? I'd like to visit on Look Ma, No Hands. Please let me know

CAUTION: electronic mail sent through the Internet is not secure and could be intercepted by a third party. For your protection, avoid sending identifying information such as account, Social Security, or, card numbers to us or others. Further, do not send time-sensitive, action-oriented messages such as transaction orders, fund transfer instructions or check stop payments, as it is our policy not to accept such items electronically.

This message w/attachments (message) may be privileged, confidential or proprietary, and if you are not an intended recipient, please notify the sender, do not use or share it and delete it. Unless specifically indicated, this message is not an offer to sell or a solicitation of any investment products or other financial product or service, an official confirmation of any transaction, or an official statement of Trades 'R Us. Subject to applicable law, Trades 'R Us may monitor, review and retain e-communications (EC) traveling through its networks/systems. The laws of the country of each sender/recipient may impact the handling of EC, and EC may be archived, supervised and produced in countries other than the country in which you are located. This message cannot be guaranteed to be secure or error-free.

Subject: Christmas present
Date: Sat, 22 Dec 2017 07:57:14 -0700
From: D Azoff
To: E Azoff; F Azoff; G Azoff

Siblings - my present (just kidding) is that I can't stress enough the opportunity right now to buy Look Ma, No Hands.
Something significant will happen in the next 2-4 weeks.

Love D

D. Azoff

From: Jordan Belfort
Sent: December 14, 2017 10:37 AM
To: D. Azoff
Subject: Cabin

D – Thanks for letting me use your cabin. Had a blast. And thanks for the trust. I owe u one. And u know I'm about to make it up in a big way.

Sent from my iPhone.