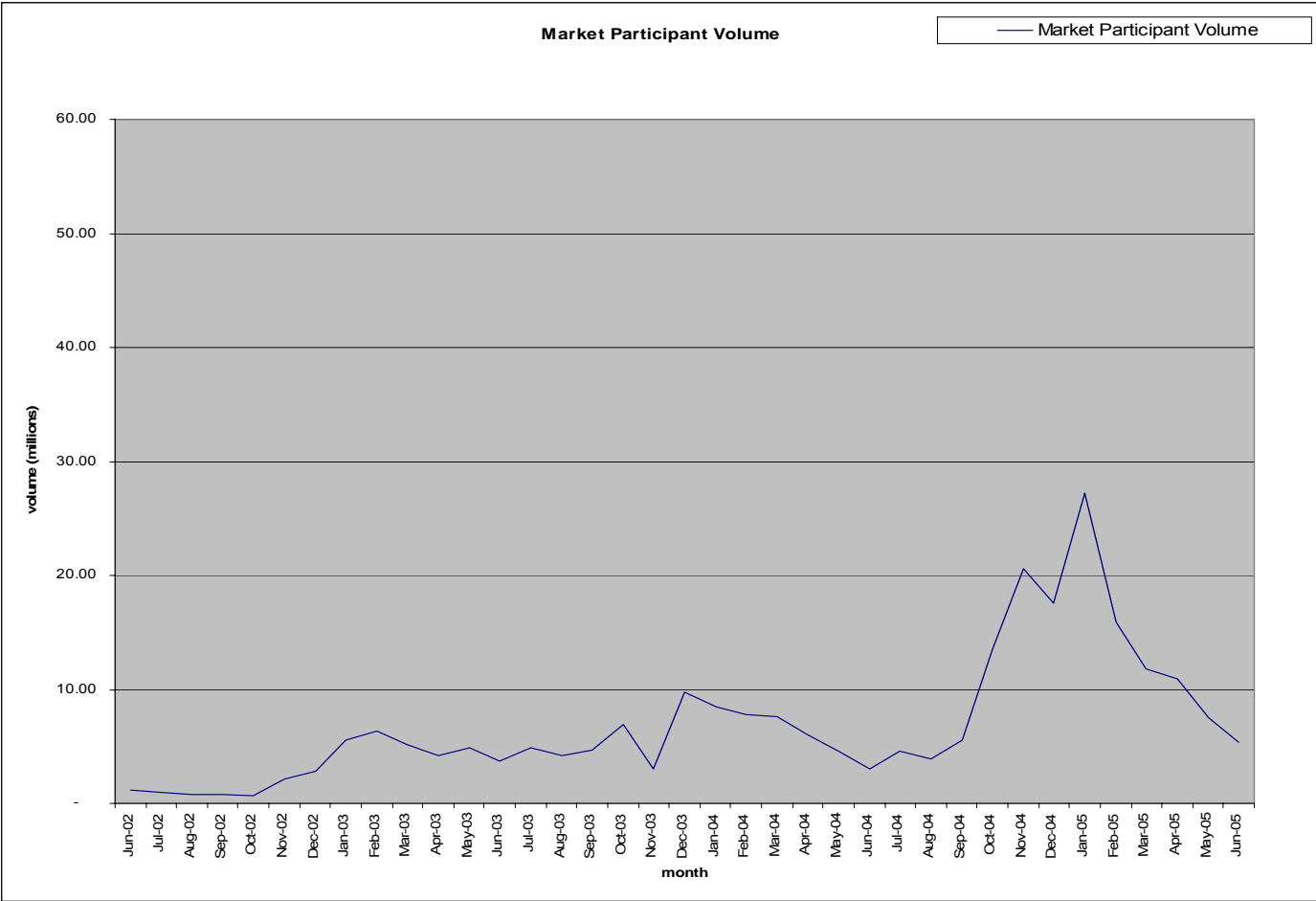
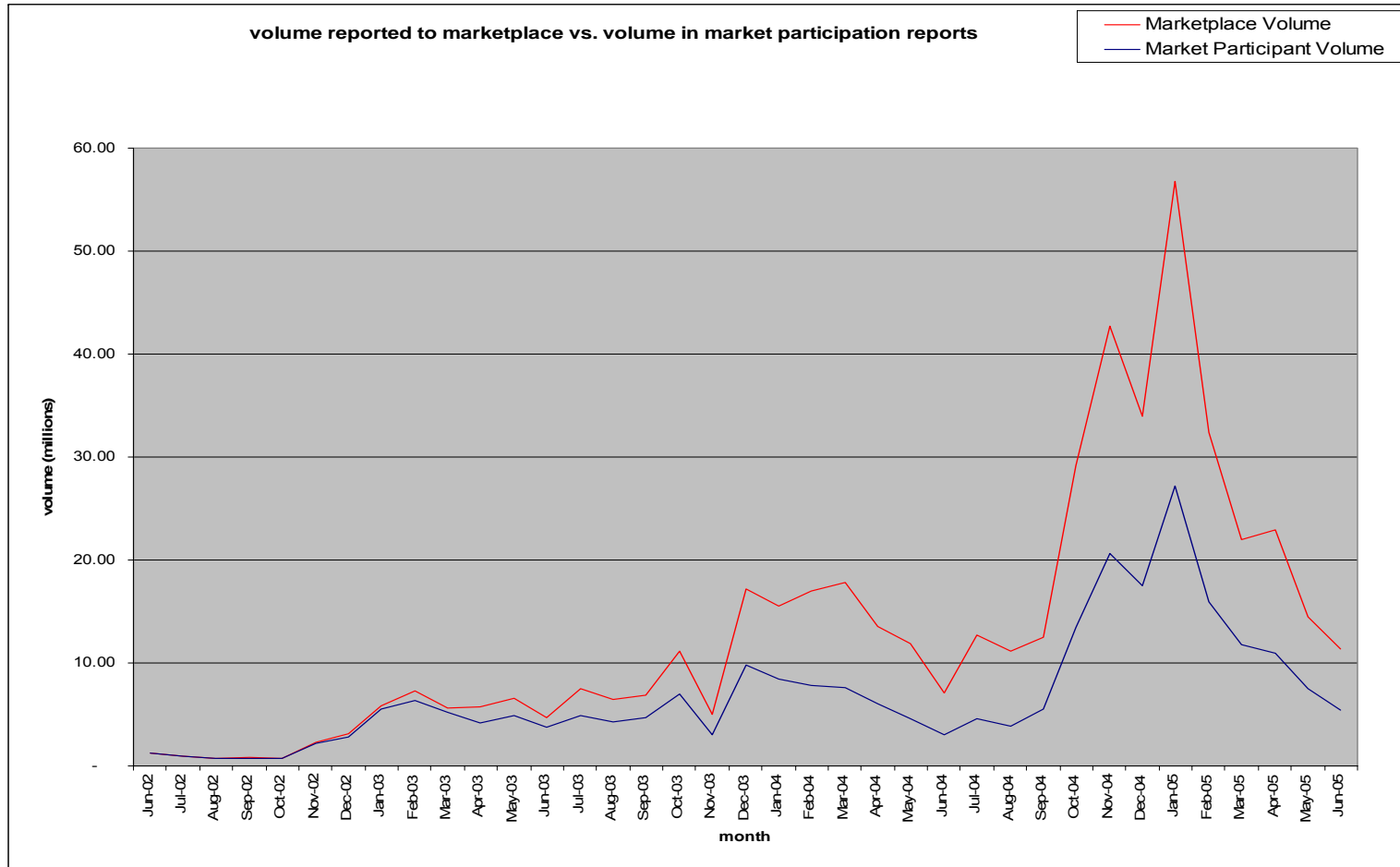


# The Miscreants' Ball

# Market Participant Volume

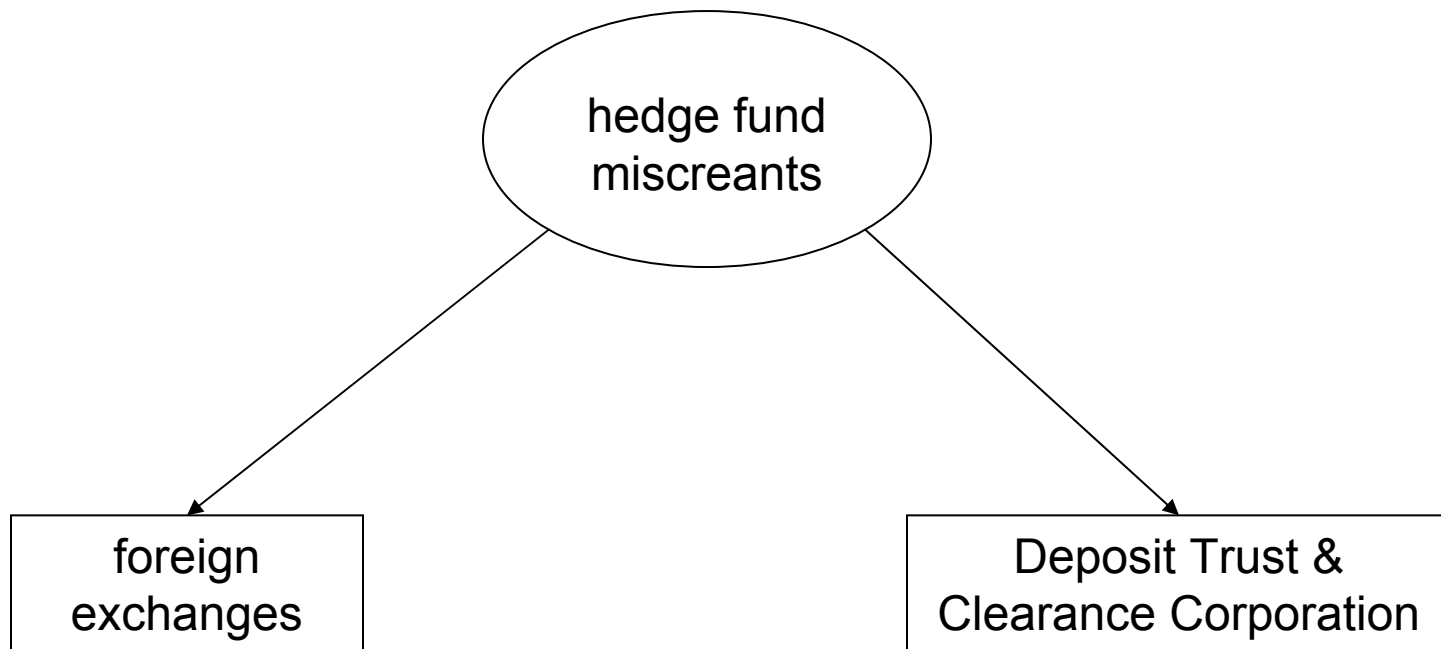


# Volume reported to marketplace vs. volume in market participation reports

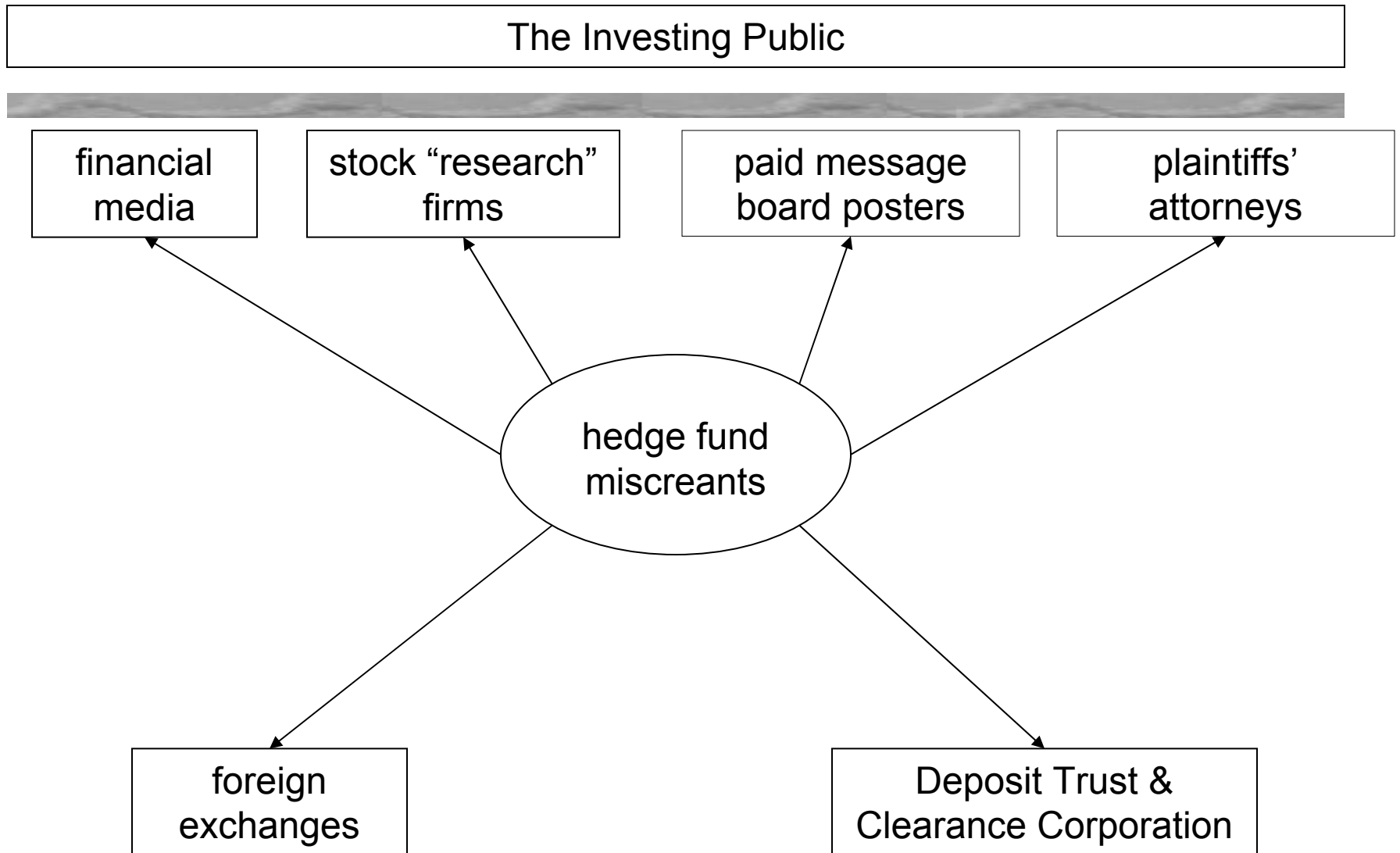


# The Miscreants' Ball

The Investing Public



# The Miscreants' Ball



# O'brien's October '04 predictions

- Herb, Barrons, WSJ, Camelhump, Liz MacDonald would call to write nasty stories
- Ostk would appear on numerous foreign exchanges
- Reg SHO List
- Federal investigation

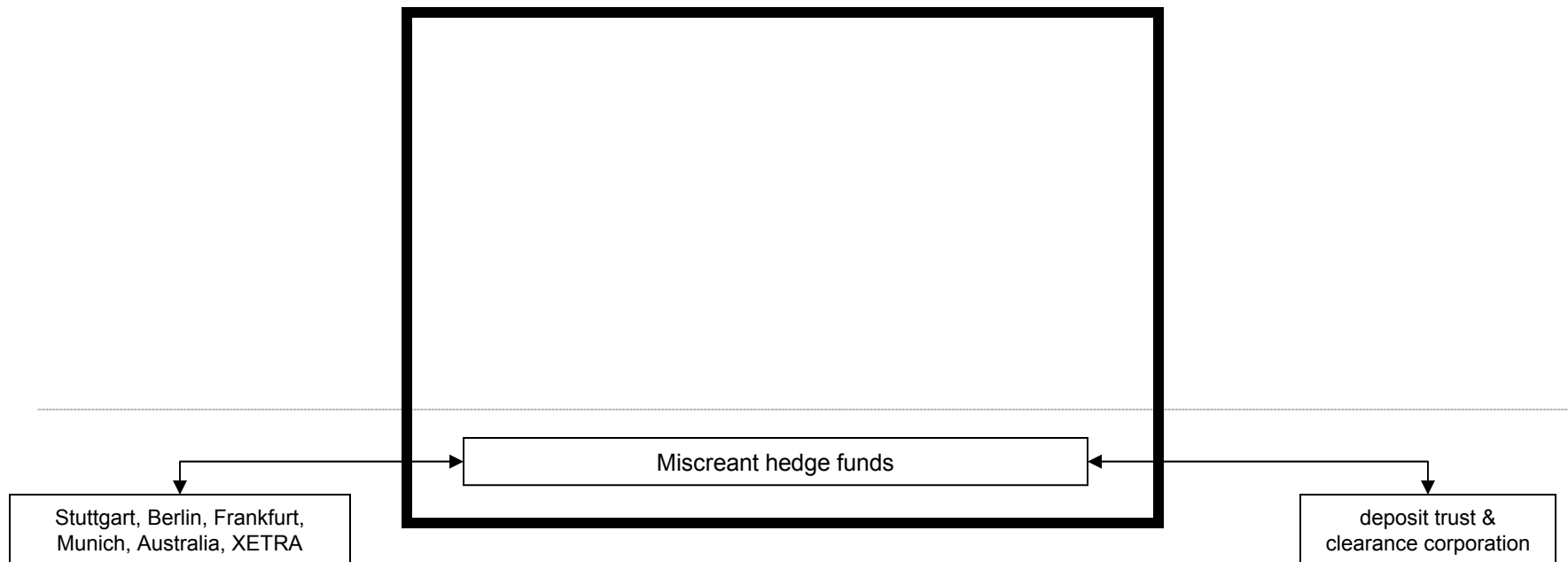
# O'brien's October '04 predictions

- Herb, Barrons, WSJ, Camelhump, Liz MacDonald would call to write nasty stories
- Ostk would appear on numerous foreign exchanges
- Reg SHO List
- Federal investigation
- All called within 3 days, published hatchet jobs within a week
- Stuttgart, Munich, Frankfurt, Berlin, Australia, XETRA
- January 27, 2005
- ?

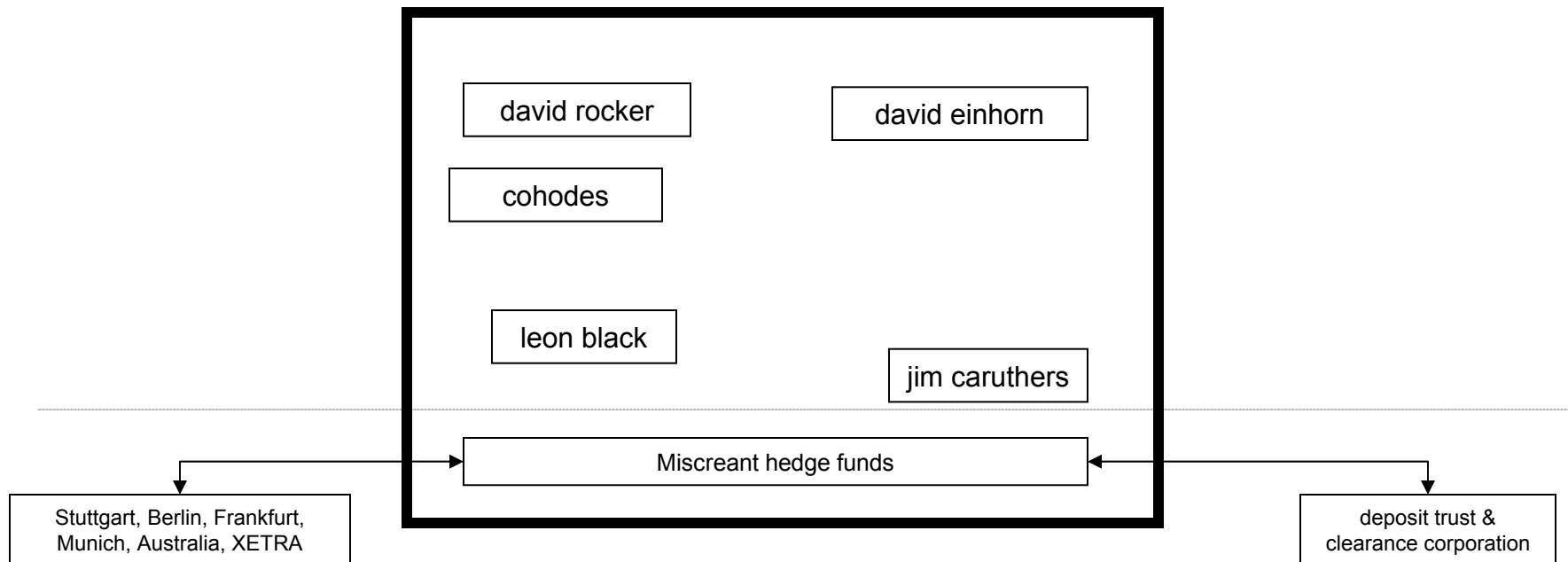
# The Not Necessarily Miscreants' Ball



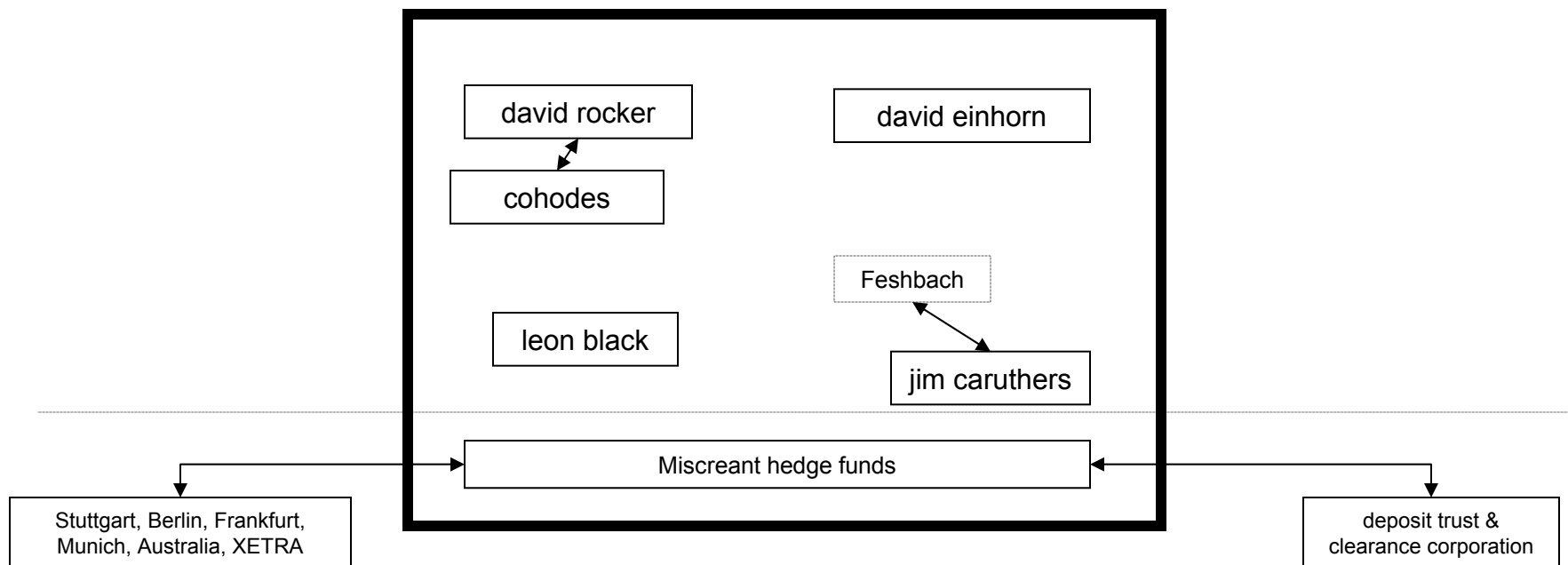
# Connections among hedge funds, journalists, investors, & regs



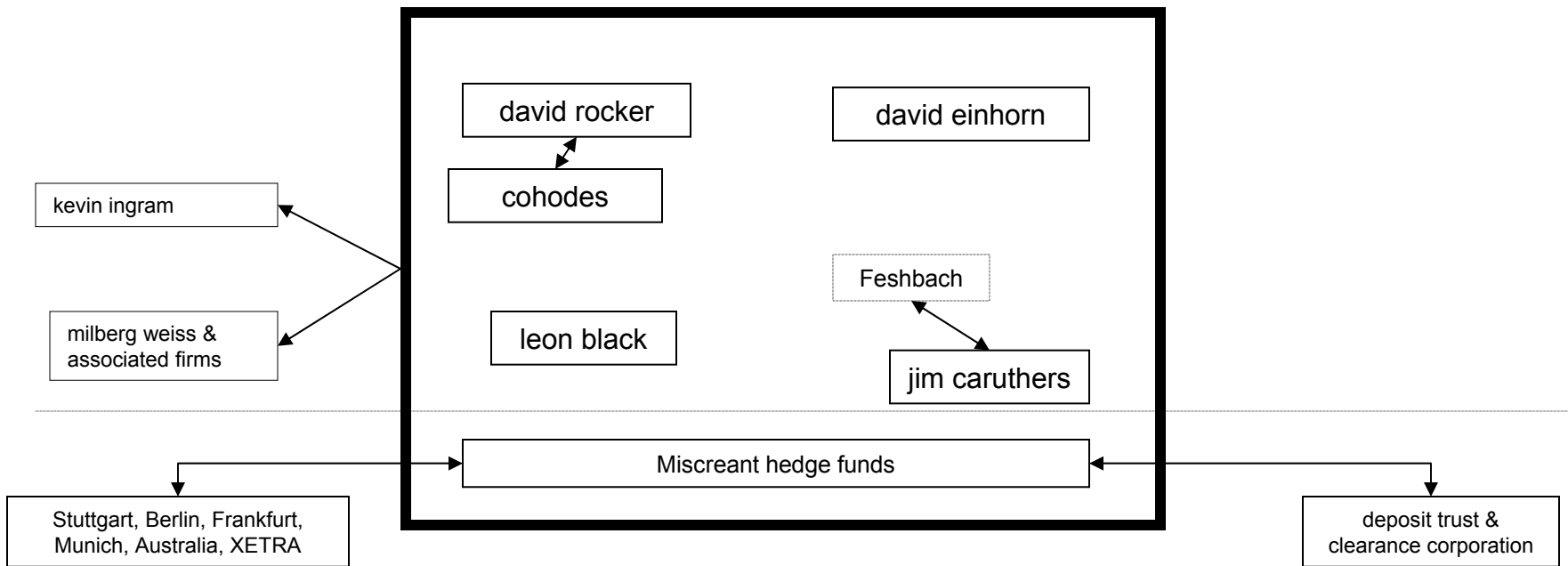
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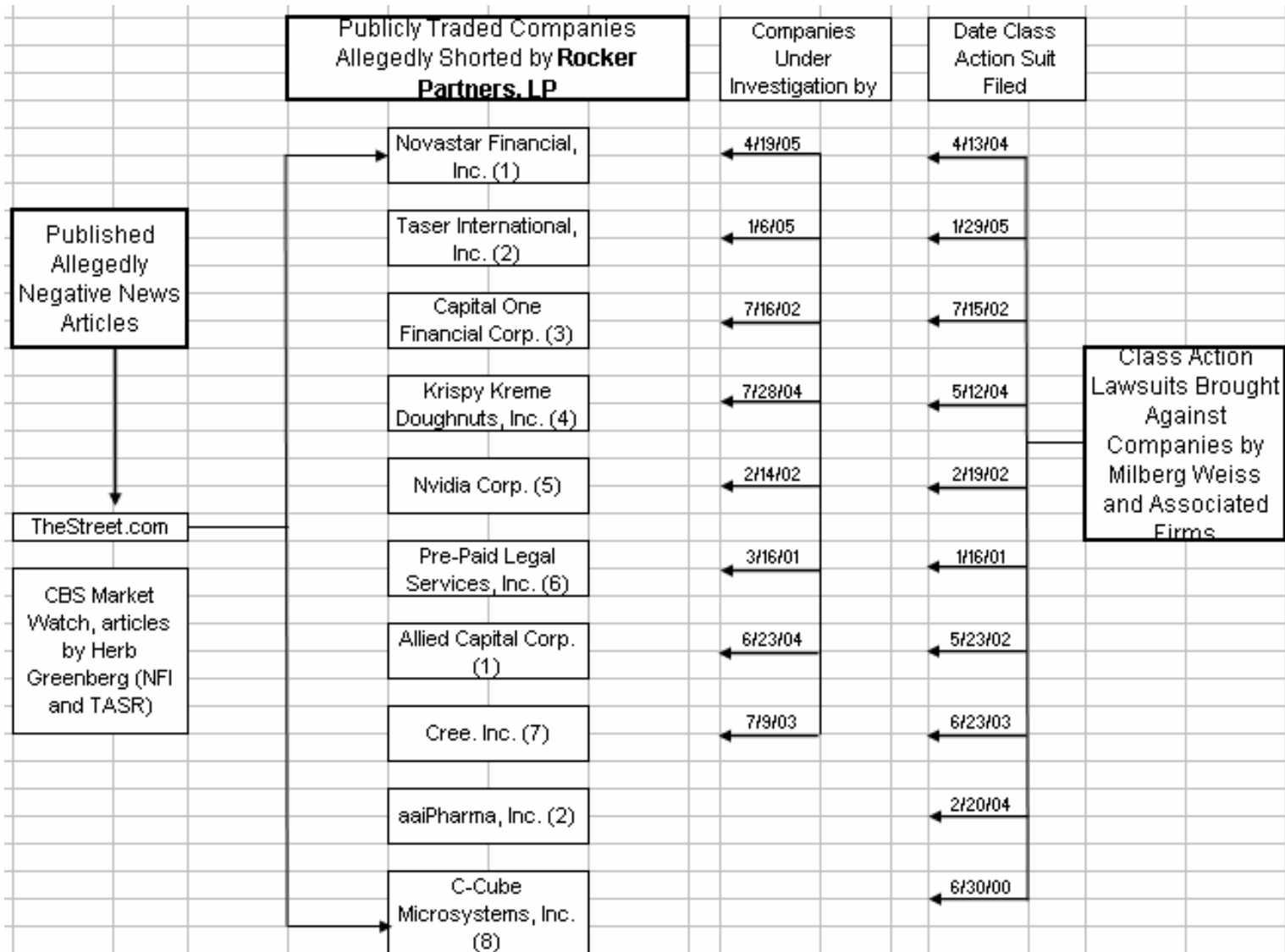
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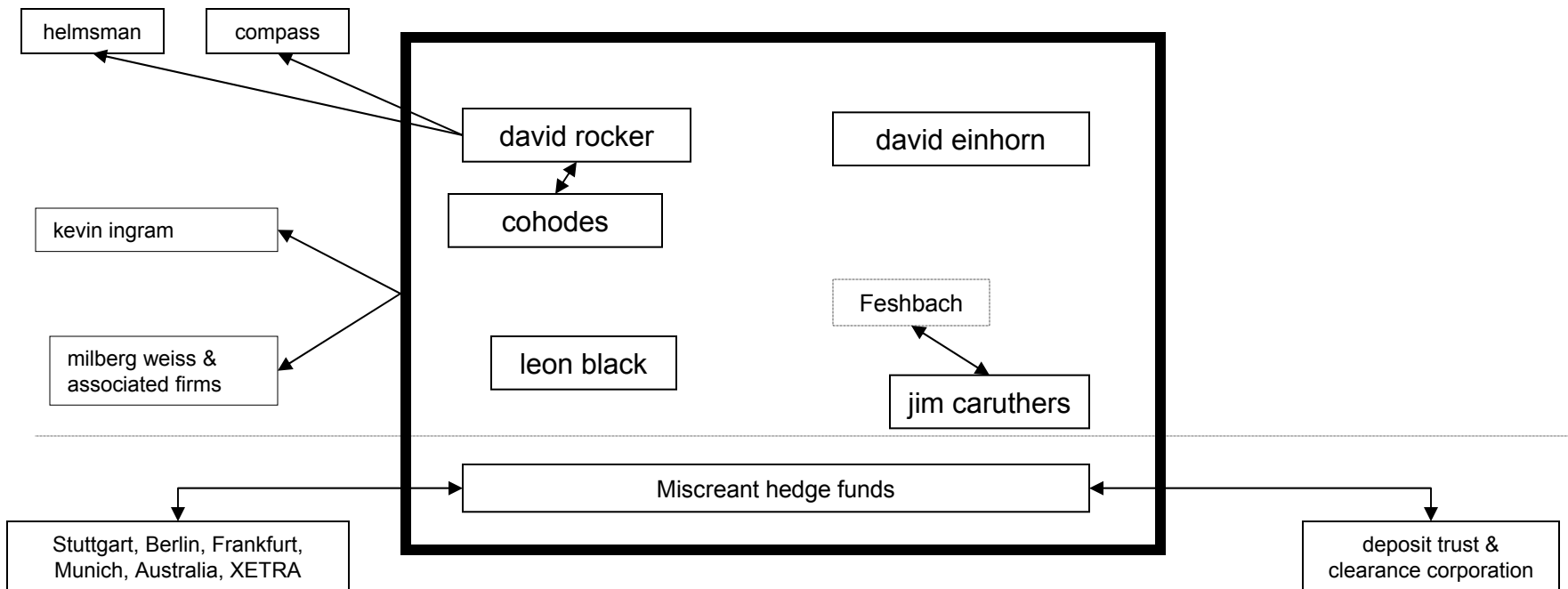
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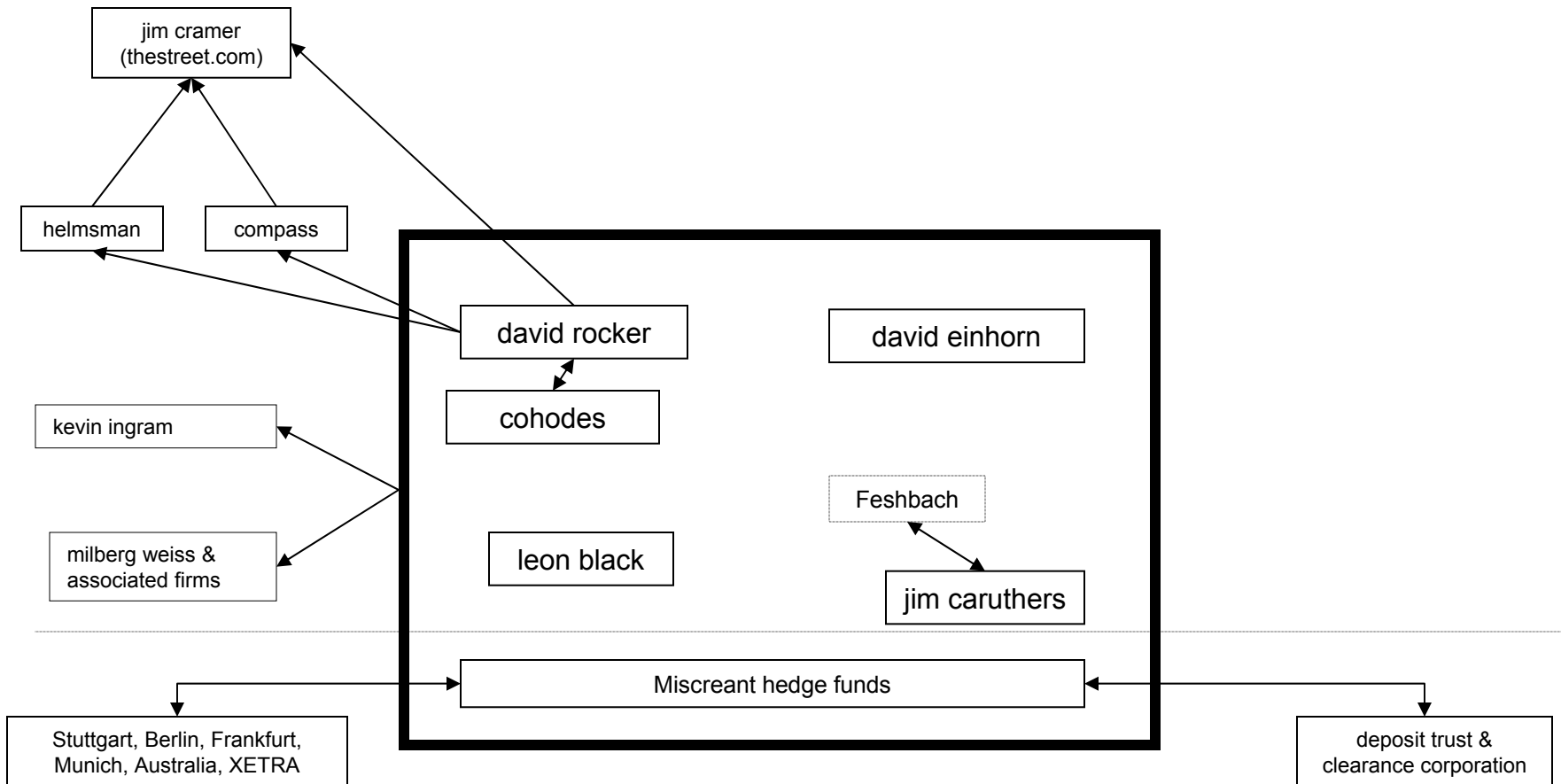
# Milberg Weiss: A prescient law firm



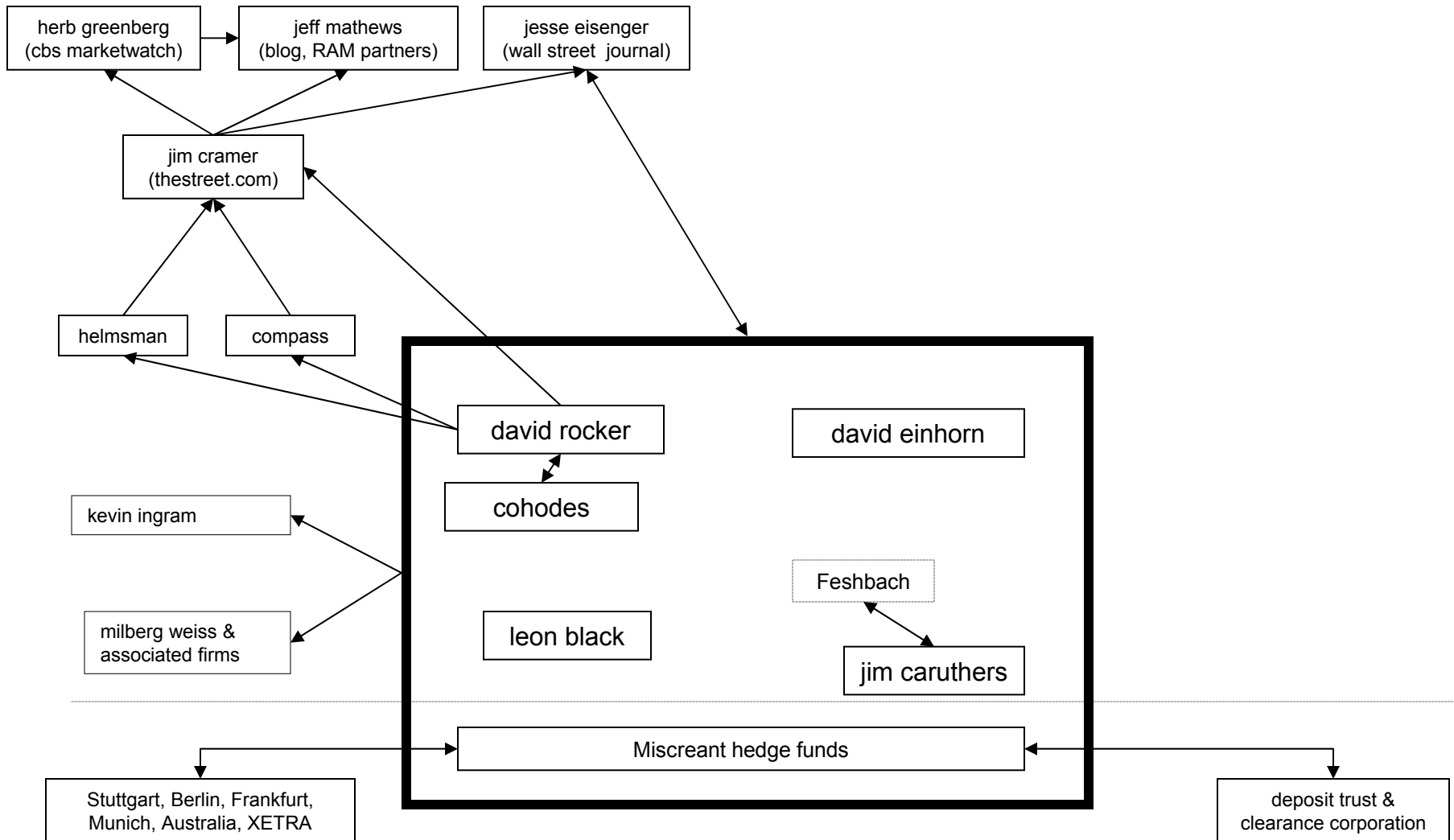
# Connections among hedge funds, journalists, investors, & regs



# Connections among hedge funds, journalists, investors, & regs



# Connections among hedge funds, journalists, investors, & regs





# Jeff's (surprisingly smooth) recruitment

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

From: Jeff Matthews [<mailto:jeff@rampartners.com>]

Sent: Monday, July 18, 2005 10:34 AM

To: [kath@alumni.nd.edu](mailto:kath@alumni.nd.edu)

Subject: Overstock questions

Dear Kathryn:

You may know me via my blog (JeffMatthewsIsNotMakingThisUp) in which I've made some observations about Overstock and the apparent inconsistencies in many of the forecasts and projections given by Patrick Byrne.

Most of these inconsistencies have been ignored by most of Wall Street, for obvious reasons, but are available for anyone to see in the transcripts of the conference calls-- and I have a long-standing dislike of CEOs who mislead investors, especially the small investors of which Patrick Byrne claims to be a champion.

I know you have left the company and I wanted to speak with you about what is going on there. I trust that as Treasurer you were privy to the issues that an outside observer such as myself can only guess at, but that working under a control freak like Byrne you had very little actual authority or responsibility for the nonsense that went on.

Anything we talk about would be for background purposes only and would never appear, in any way/shape/form, in my blog.

Why should you bother?

I have seen, in the course of 25 years on Wall Street, many excellent companies and many mediocre companies, and I have seen more speculative companies with promising business models, like Overstock, in which a CEO more concerned with his image and his public standing than to the business itself does great damage to the business at the expense of small investors.

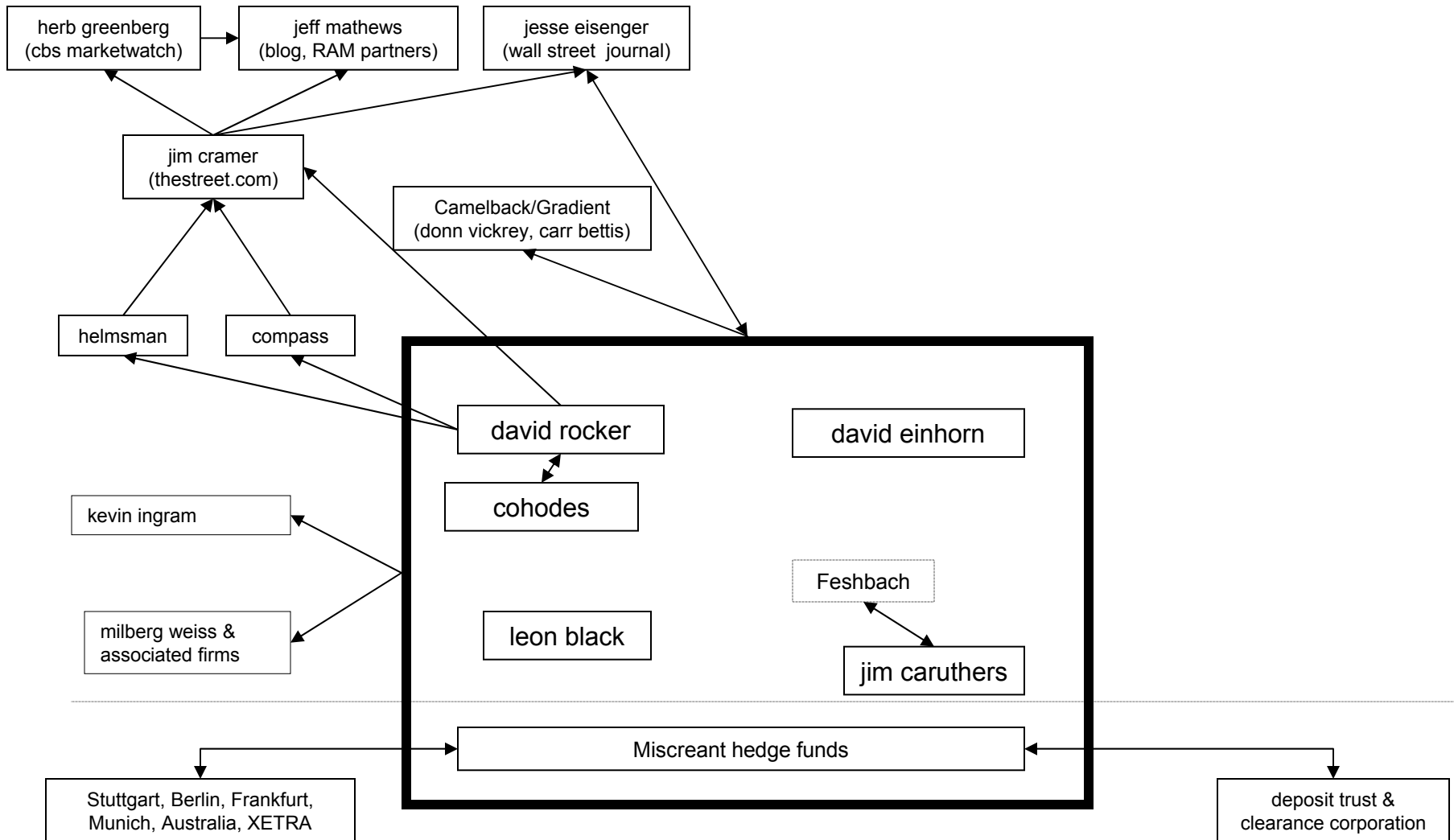
My observation is that many good people that do not have the ability to control or alter the situation get dragged down in the aftermath--and your public role at Overstock was limited to setting up and introducing conference calls for Dr. Byrne, not in perpetuating the hype.

My direct, confidential telephone number is 203-913-6684.

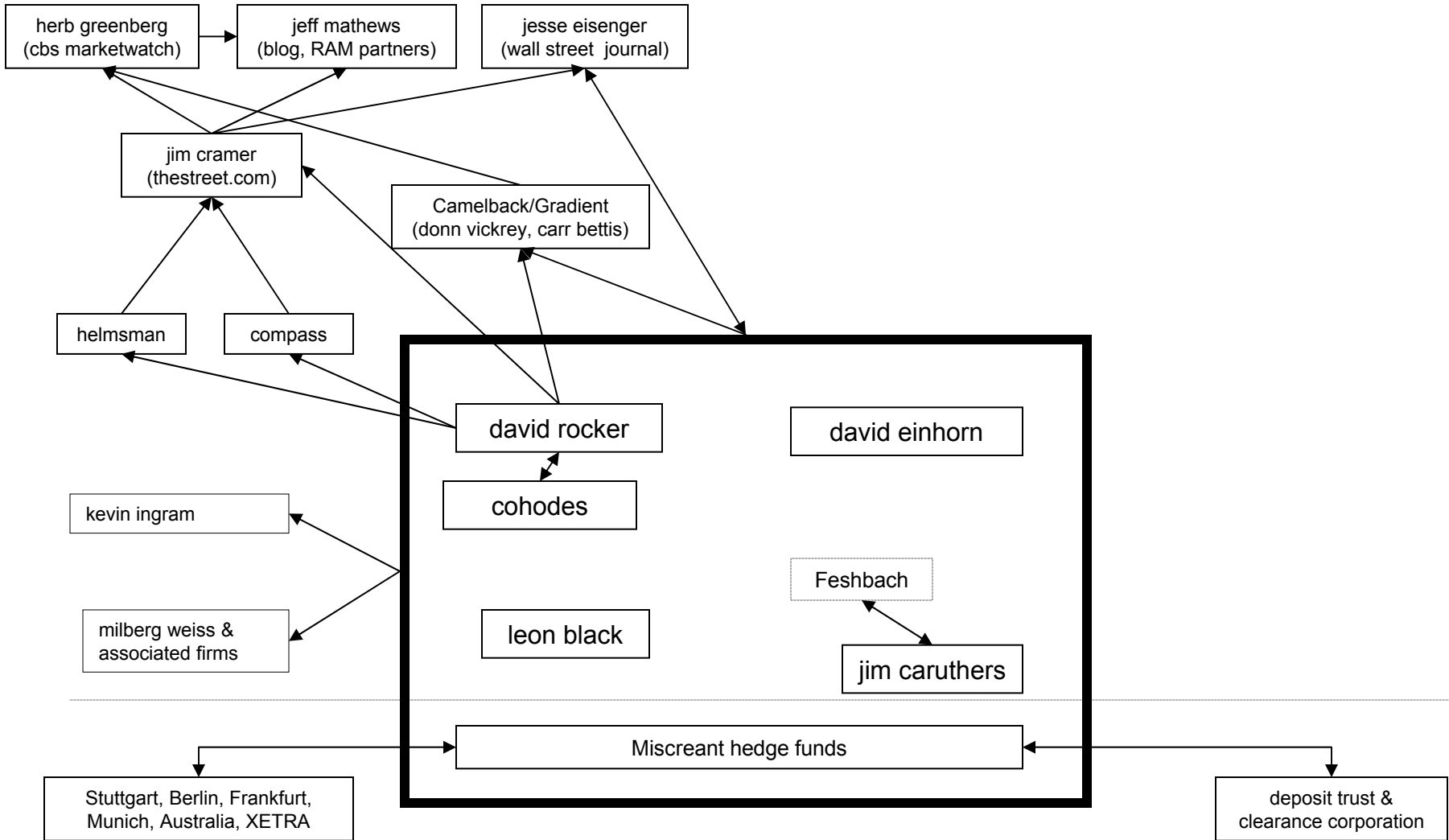
Sincerely yours;

Jeff Matthews

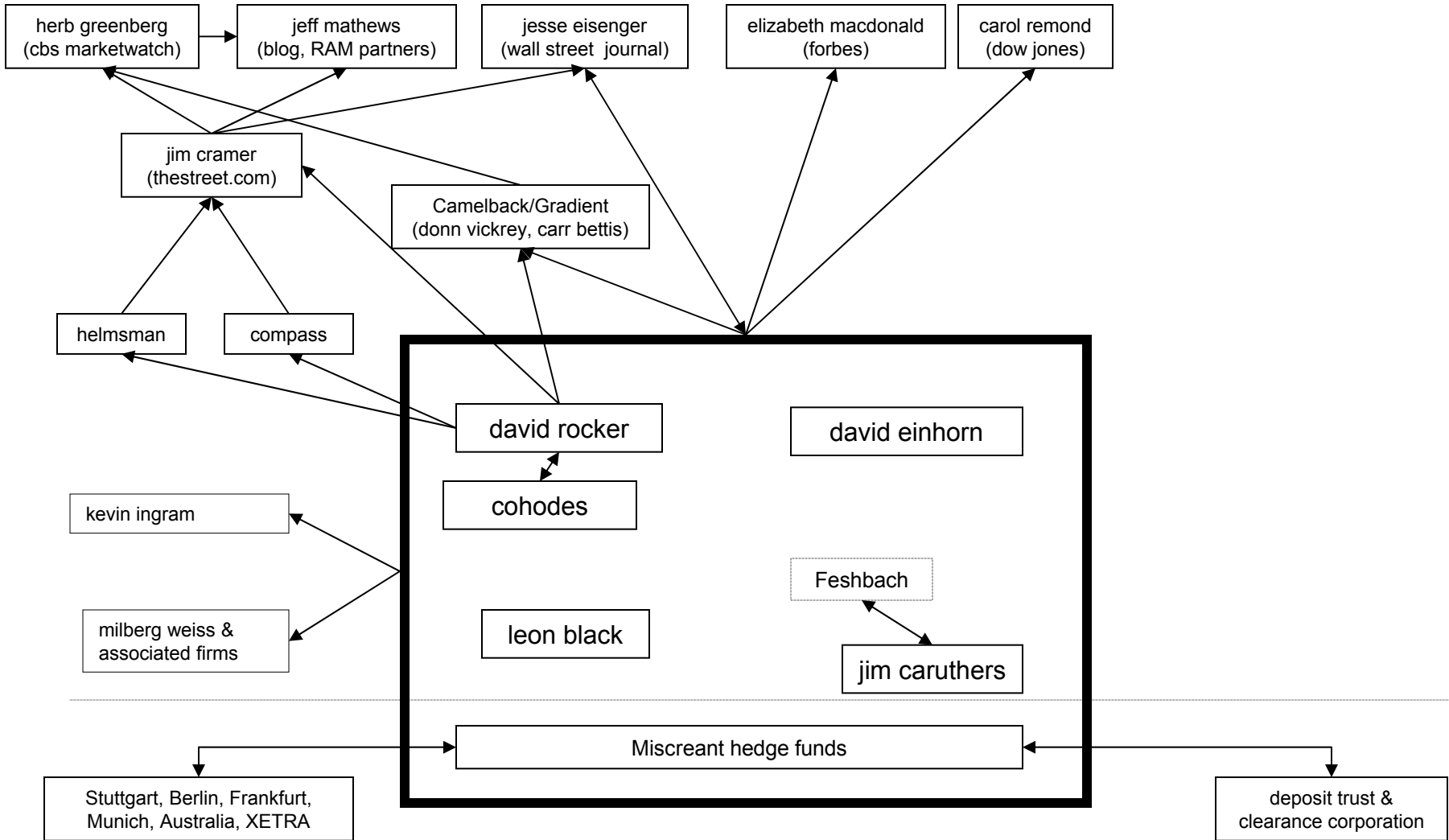
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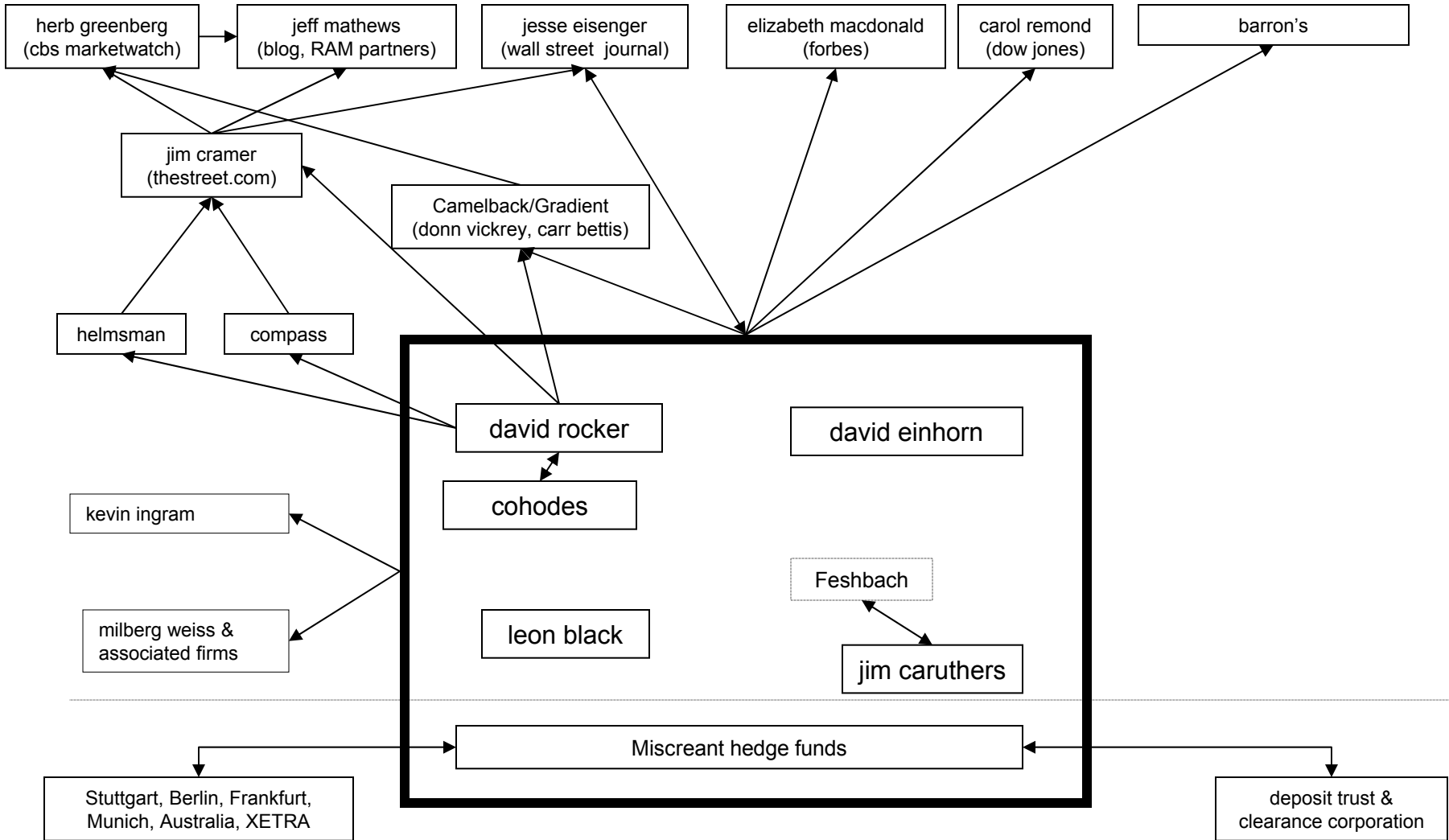
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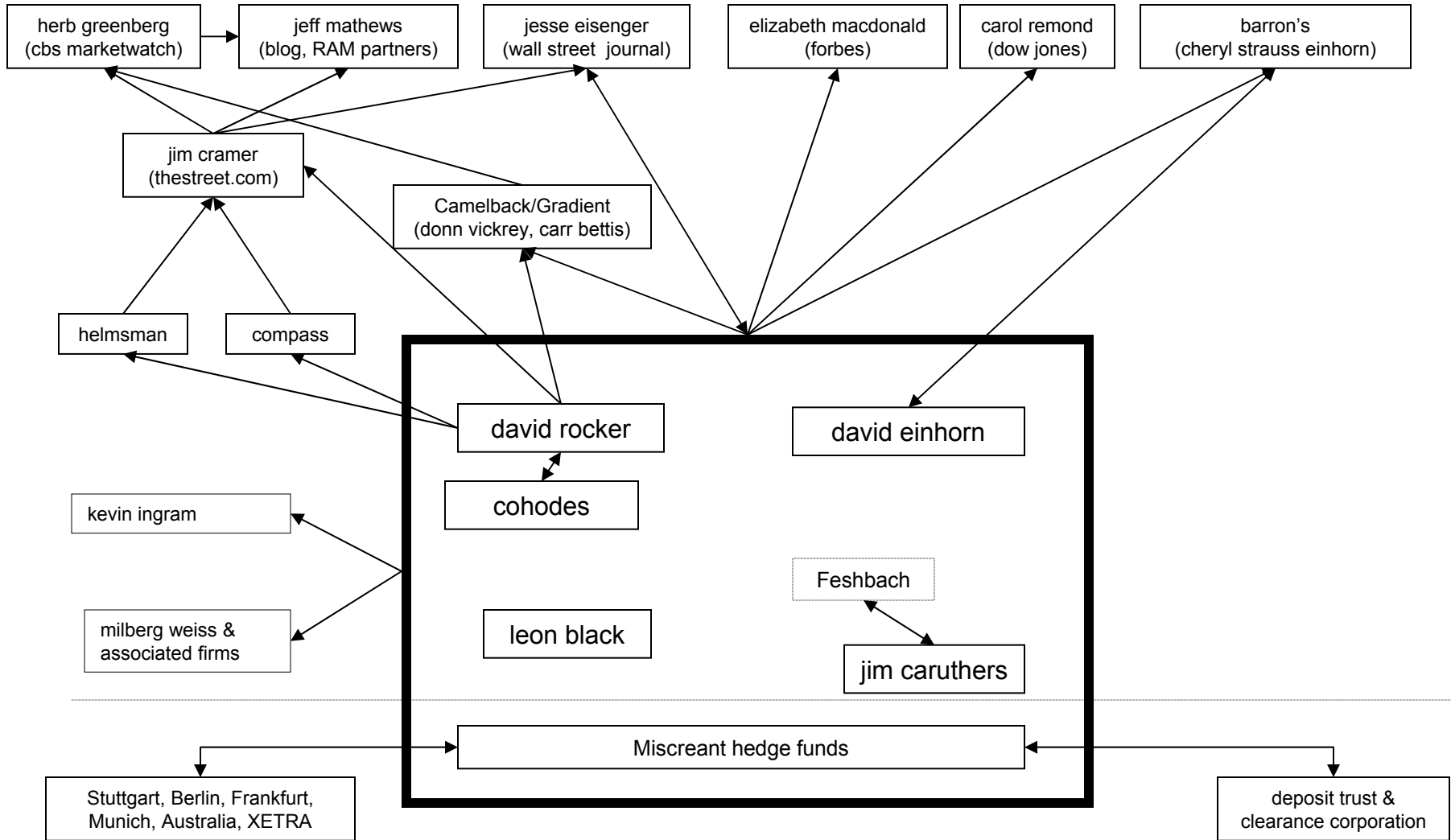
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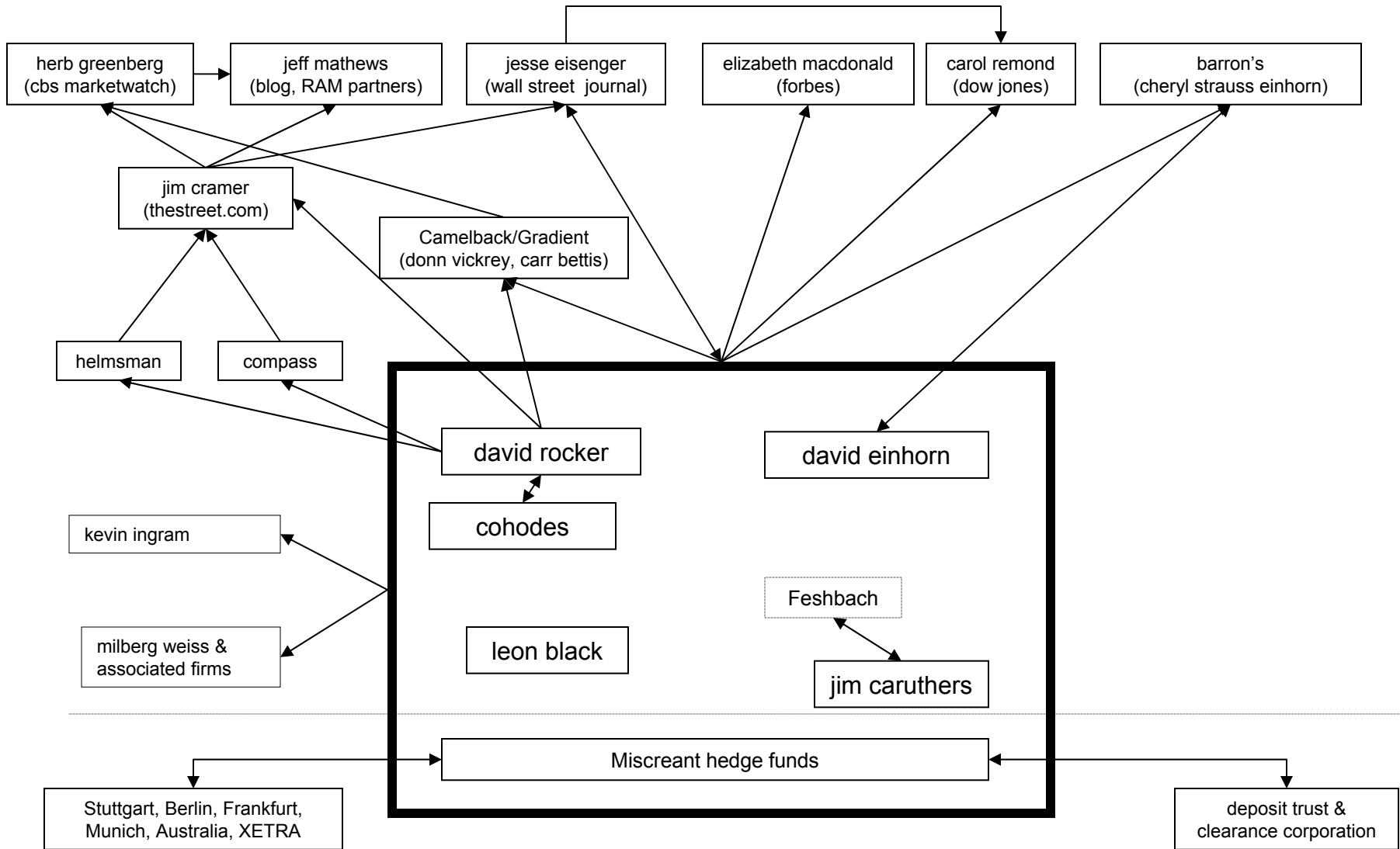
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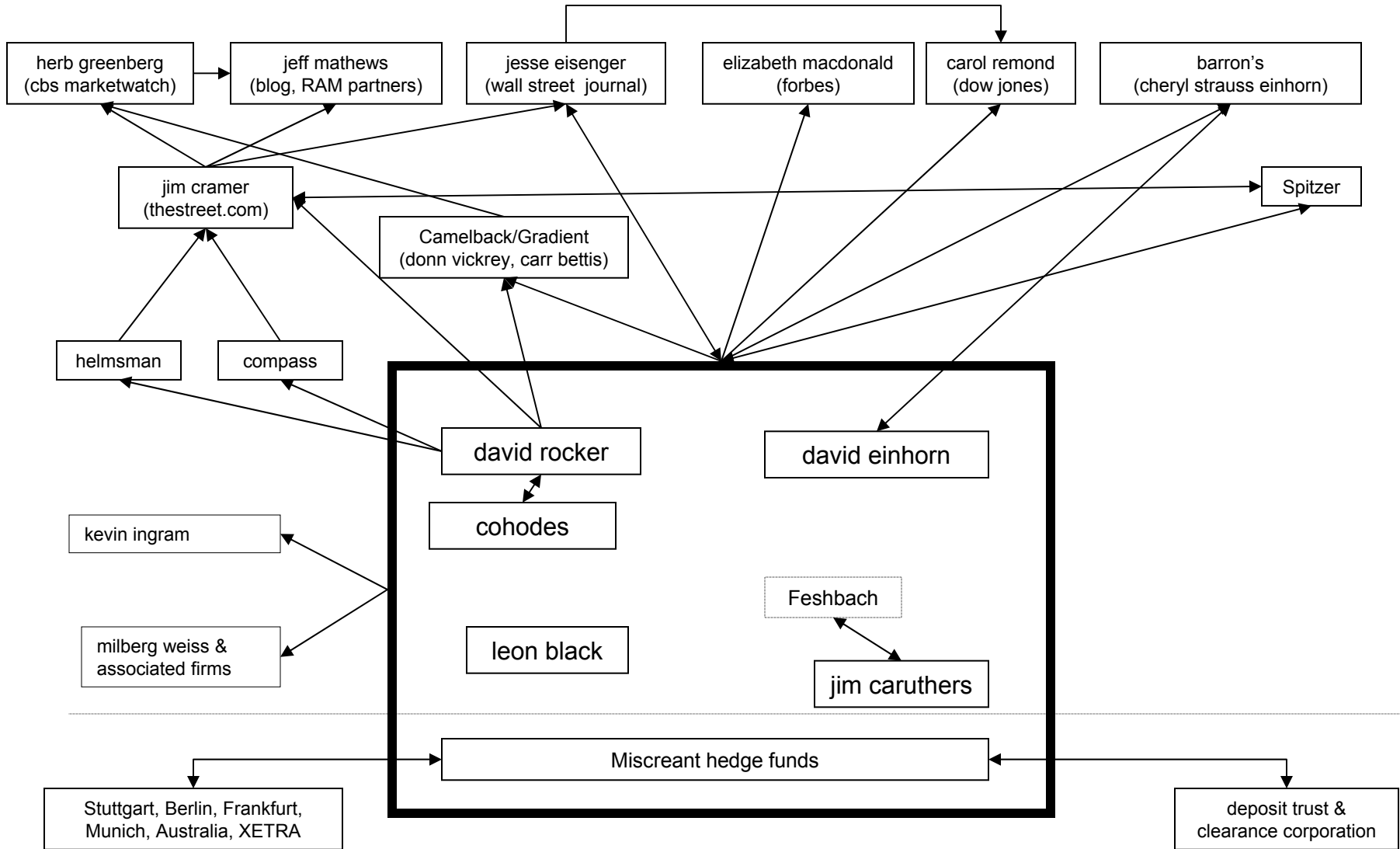
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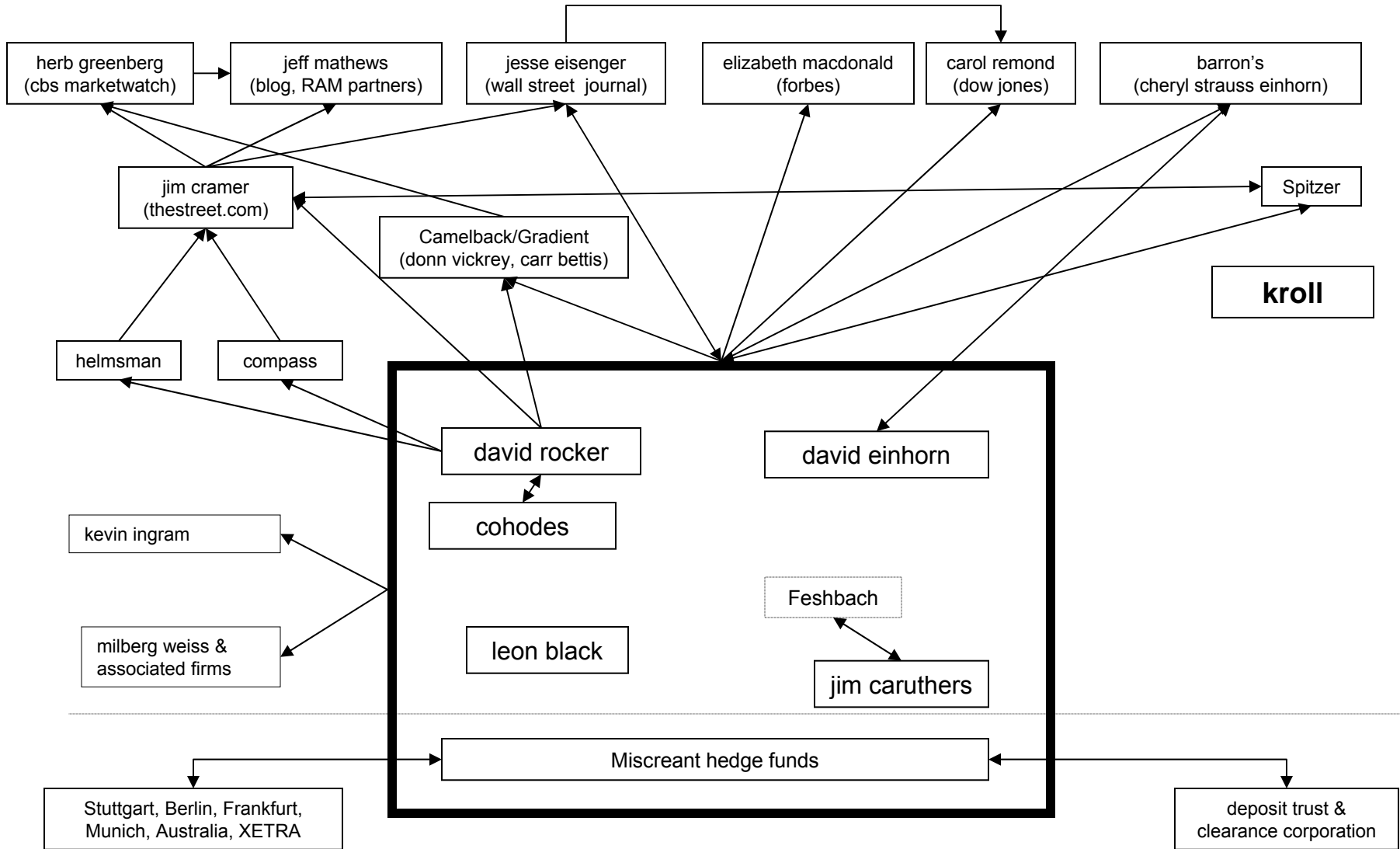


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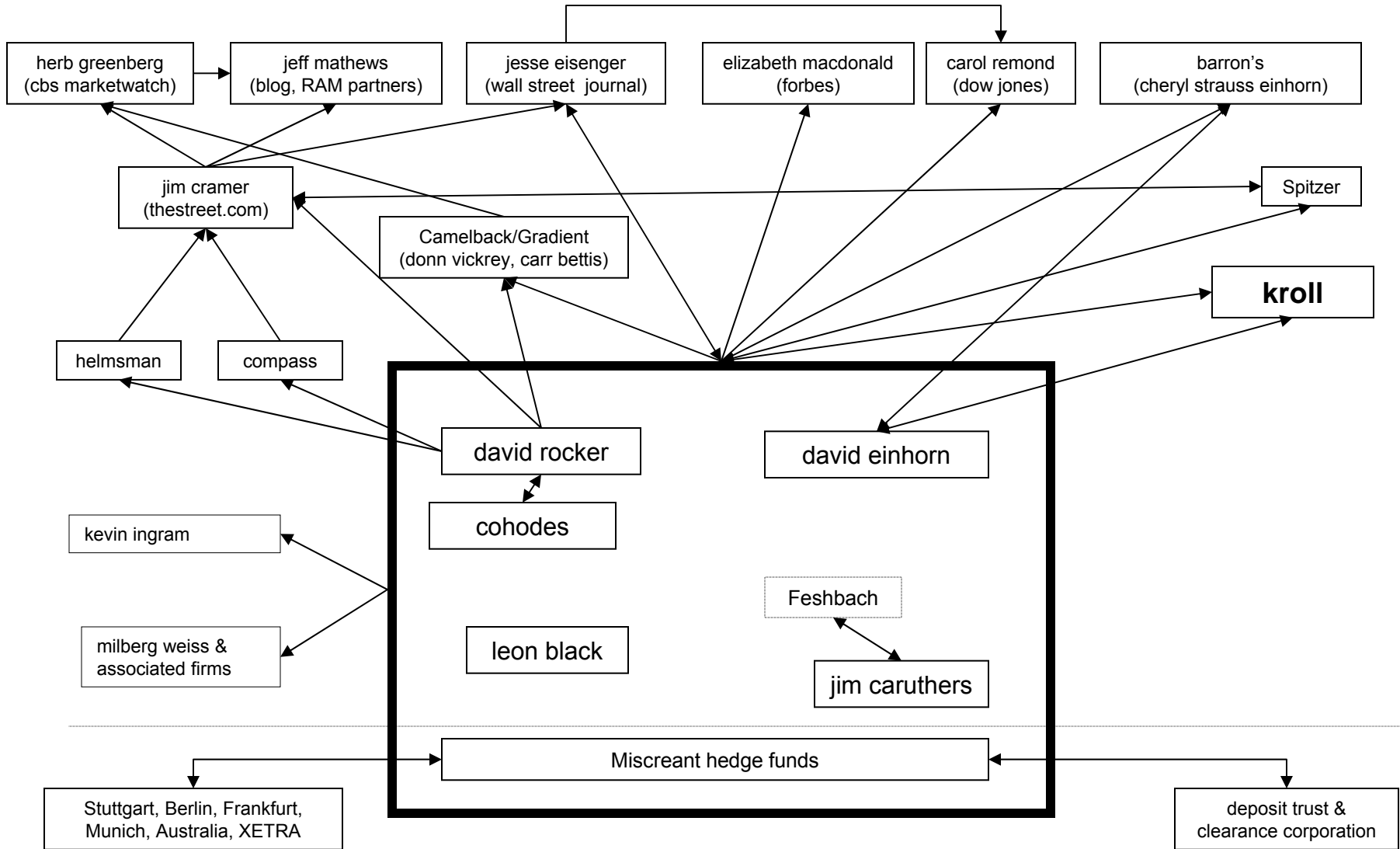




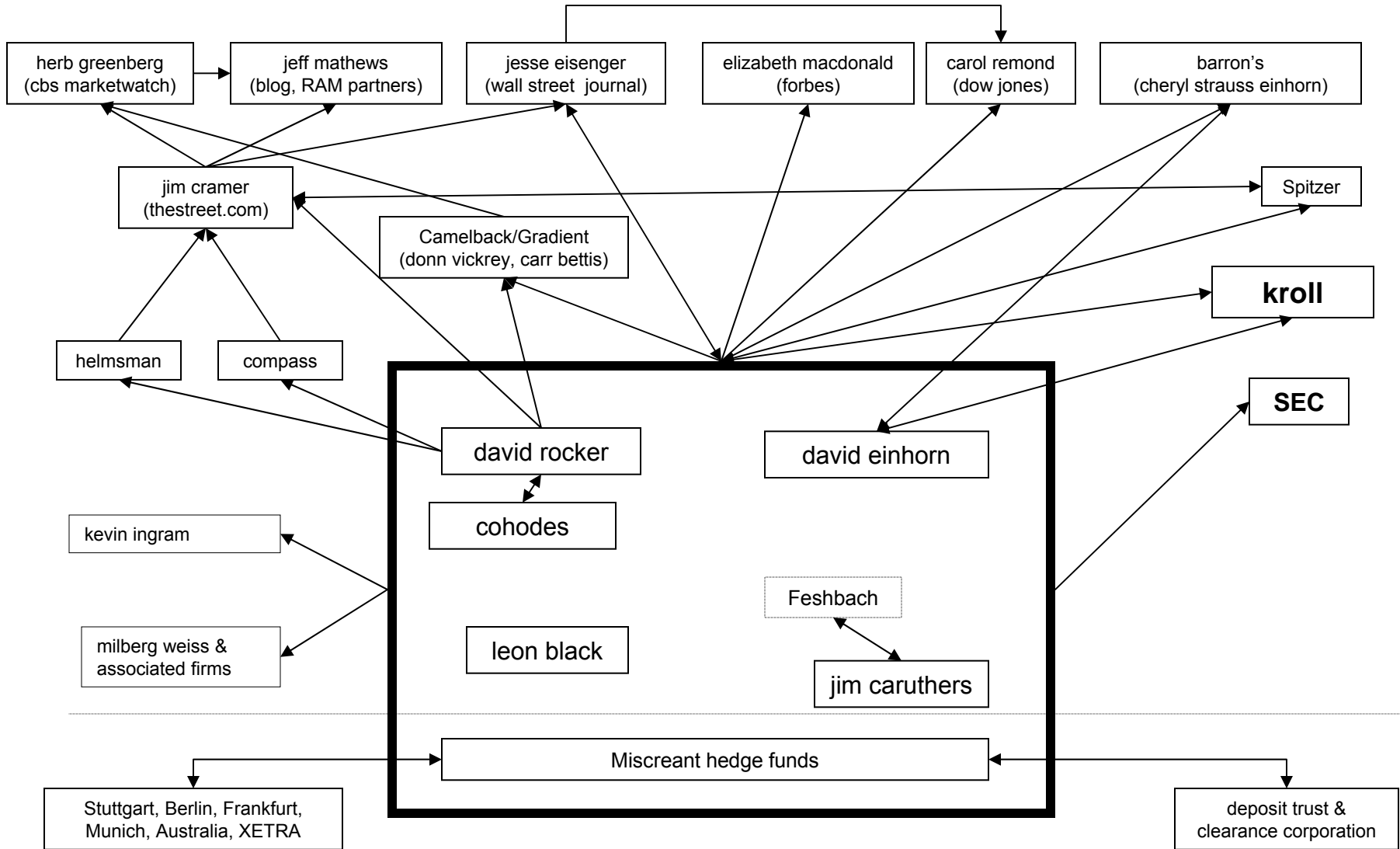
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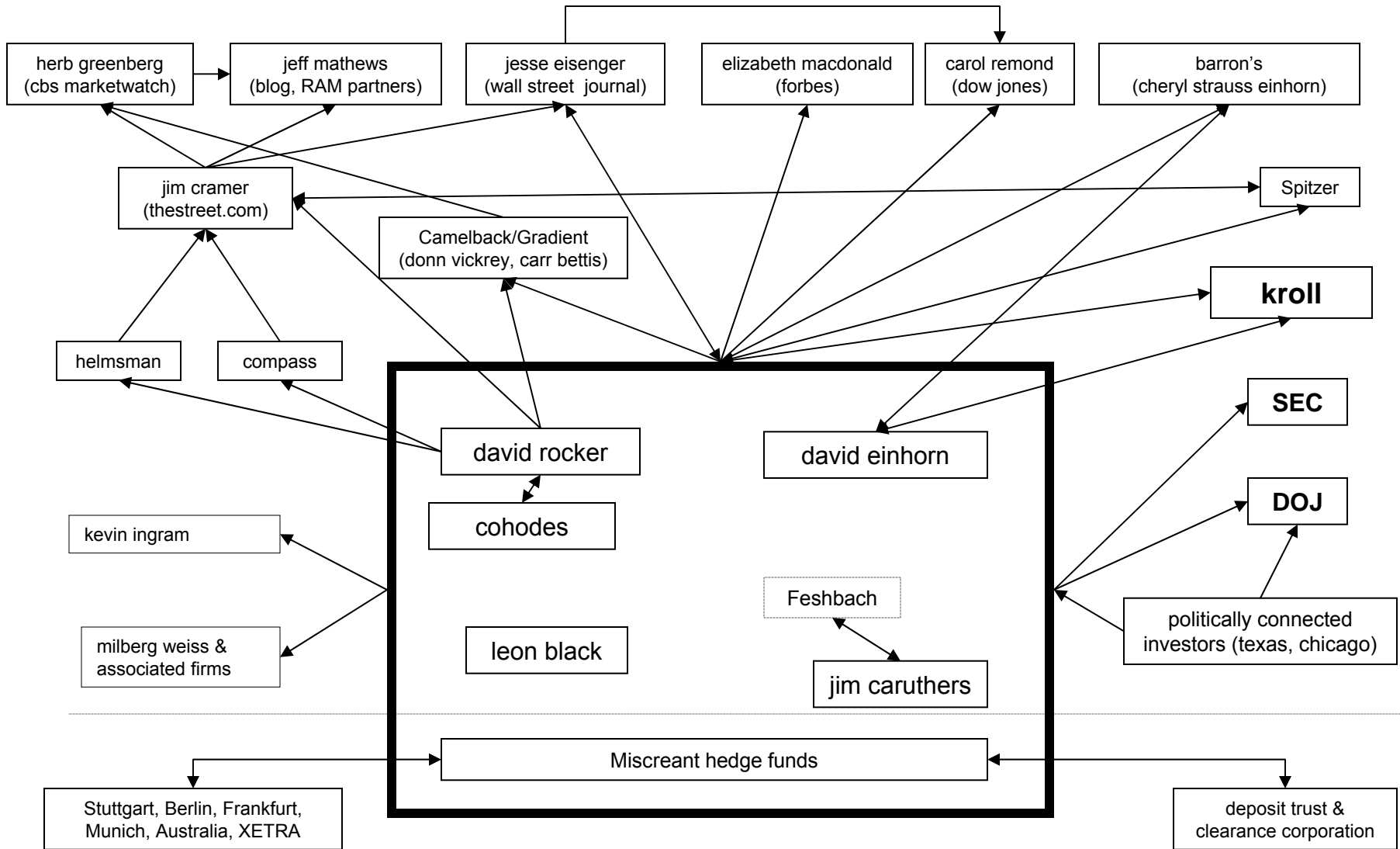
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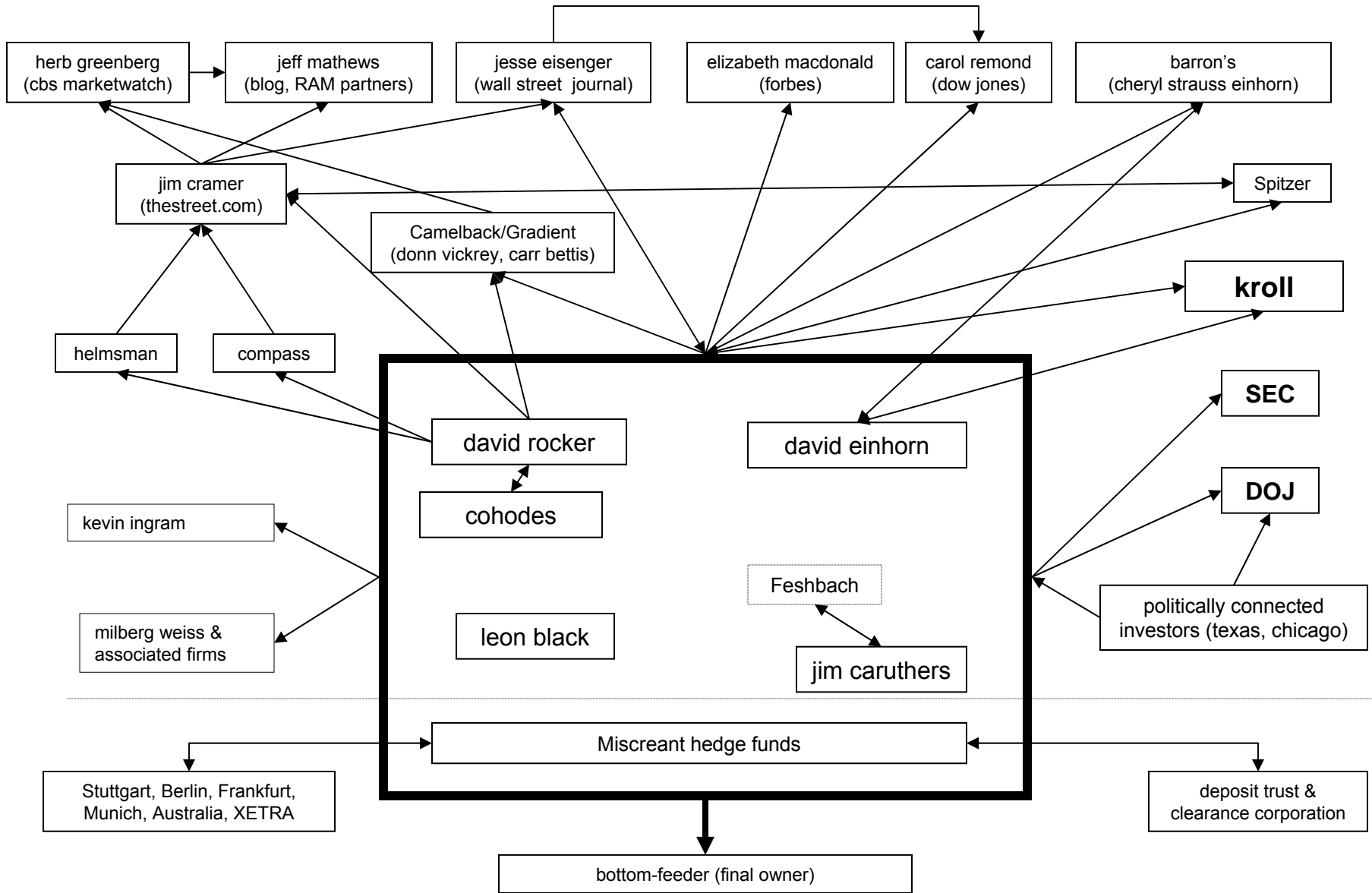
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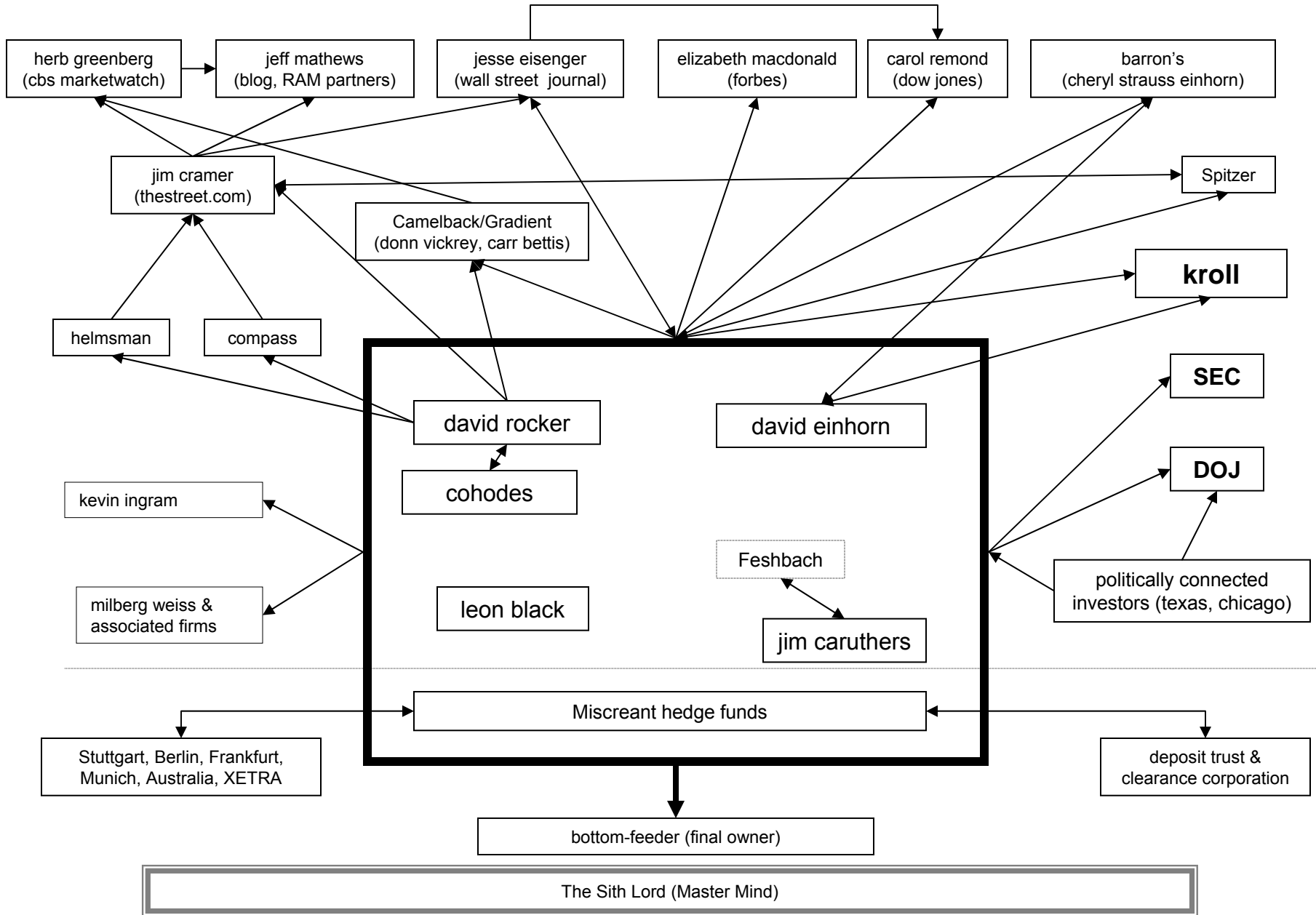
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# Connections among hedge funds, journalists, investors, & regs



# Connections among hedge funds, journalists, investors, & regs



# Short Sellers

David Einhorn

David Rucker

# Short Sellers



David Einhorn

David Rucker



# Short Sellers



David Einhorn



David Rucker

From [www.sec.gov](http://www.sec.gov) (*emphasis added*):  
<http://www.sec.gov/spotlight/keyregshoissues.htm>

#### **IV. A. 7. F. Grandfathering Under Regulation SHO**

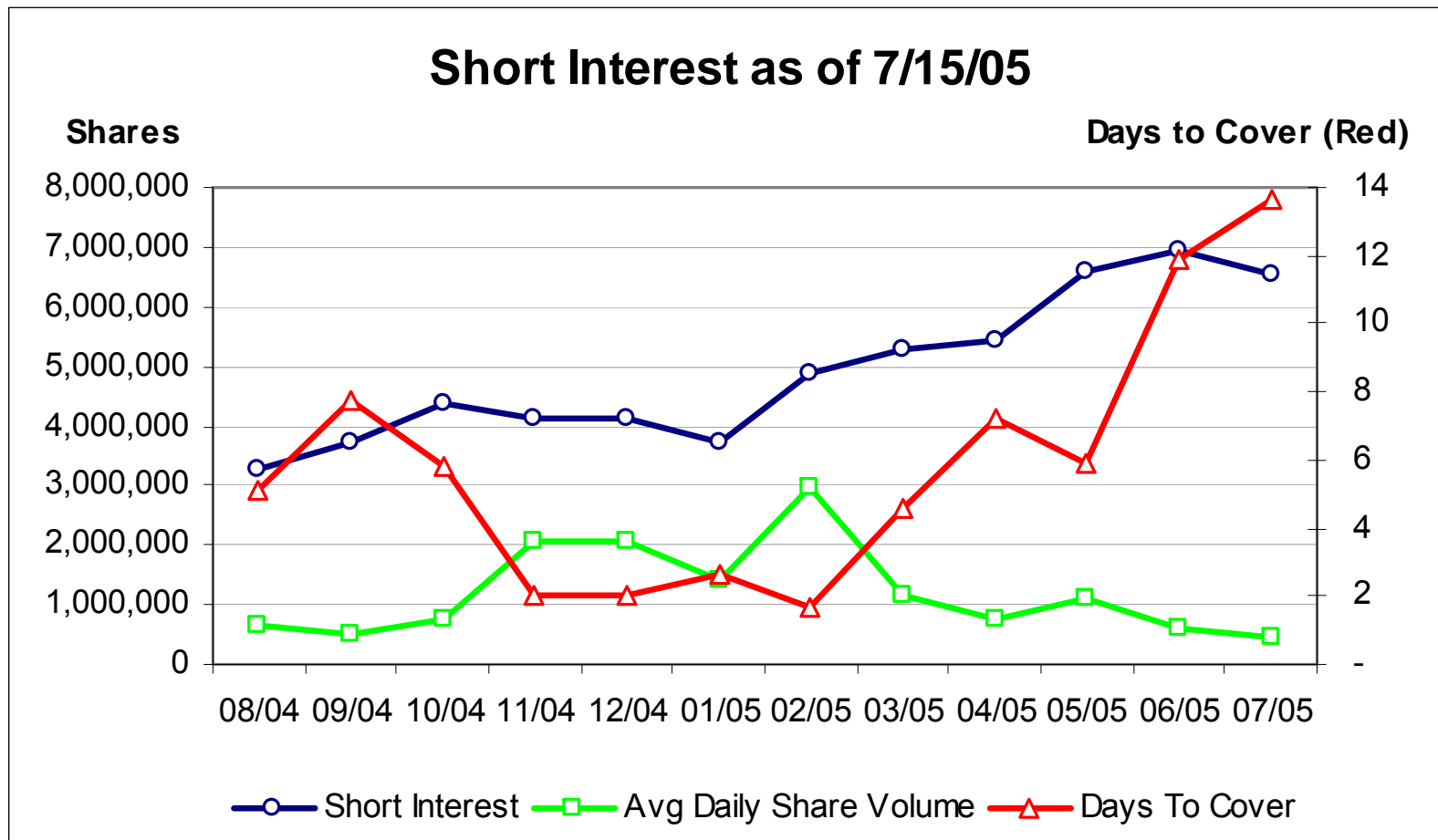
The requirement to close-out fail to deliver positions in threshold securities that remain for 13 consecutive settlement days does not apply to positions that were established prior to the security becoming a threshold security. This is known as "grandfathering." For example, open fail positions in securities that existed prior to the effective date of Regulation SHO on January 3, 2005 are not required to be closed out under Regulation SHO.

***The grandfathering provisions of Regulation SHO were adopted because the Commission was concerned about creating volatility where there were large pre-existing open positions.*** The Commission will continue to monitor whether grandfathered open fail positions are being cleaned up under existing delivery and settlement guidelines or whether further action is warranted.

#### **V. 11. Can I obtain fails information?**

Currently, threshold lists include the name and ticker symbol of securities that meet the threshold level on a particular settlement date. Some investors have requested that the SROs provide more detailed information for each threshold security, including the total number of fails, the total short interest position, the name of the broker-dealer firm responsible for the fails, and the names of the customers of responsible brokers and dealers responsible for the short sales. ***The fails statistics of individual firms and customers is proprietary information and may reflect firms' trading strategies. The release of this information could be used to engage in unlawful upward manipulation of the price of the securities in order to "squeeze" the firms improperly.***

On *July 15<sup>th</sup>*, how short were the shorts?

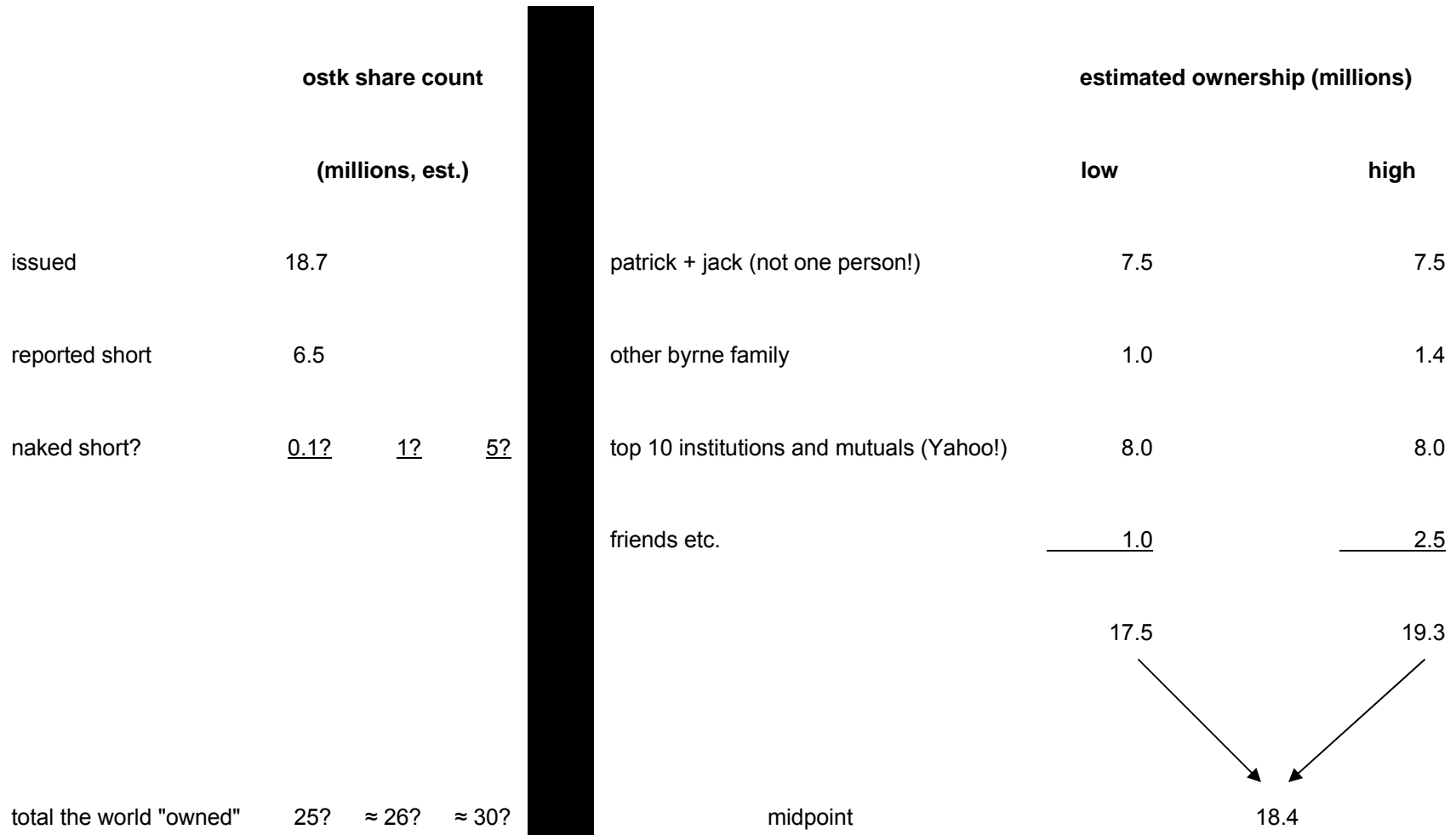


# On *July 15*, how long were the longs?

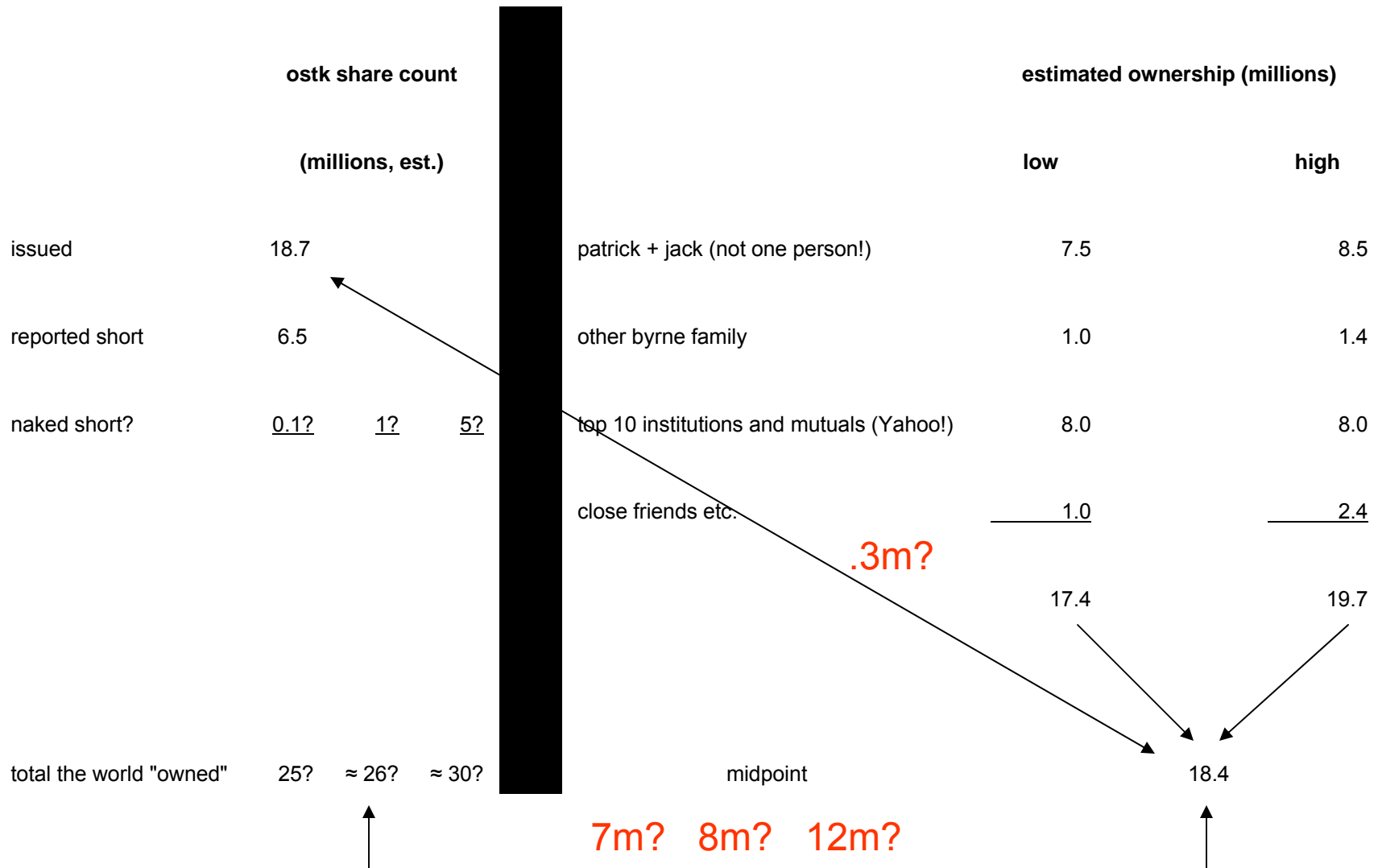
	ostk share count		
	(millions, est.)		
issued	18.7		
reported short	6.5		
naked short?	<u>0.1?</u>	<u>1?</u>	<u>5?</u>
total the world "owned"	25?	≈ 26?	≈ 30?



# On *July 15*, how long were the longs?



# On *July 15*, how long were the longs?



# OSTK Transfer Agent

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