

# EXHIBIT AA

**In The Matter Of:**  
*IN RE: BAYOU GROUP, LLC, ET AL*

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*TRIAL*  
*May 11, 2011*

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*SOUTHERN DISTRICT REPORTERS*  
*500 PEARL STREET*  
*NEW YORK, NY 10007*  
*212 805-0330*

<p>15B3BAY6 Jury Charge Page 1361</p> <p>1 Banking in 2003, concerning certain records violations which 2 resulted in a \$7,500 fine. The parties have agreed that these 3 events are not relevant to the inquiry notice issue, and these 4 events may not be considered by you in your determination of 5 whether the defendants were on inquiry notice of insolvency or 6 fraudulent purpose. The parties have further agreed that the 7 information in the BackTrack reports relating to (1) a lawsuit 8 against Sam Israel arising out of the rent dispute; and (2) Sam 9 Israel's arrest for driving under the influence and criminal 10 possession of a controlled substance, did not put any defendant 11 on inquiry notice of insolvency or fraudulent purpose. 12 As I instructed you during the trial for purposes of 13 the inquiry notice question, the relevant time period ends in 14 late June 2004, when each defendant submitted its redemption 15 request. Accordingly, in determining whether the defendants 16 were put on inquiry notice, you are to consider the information 17 available to each defendant at the time that it submitted its 18 redemption request. Testimony or exhibits reflecting events 19 that occurred after a defendant submitted its redemption 20 request may also be considered by you on the inquiry notice 21 question to the extent that it sheds light on that defendant's 22 state of mind as of late June 2004 when the redemption request 23 was made. 24 That concludes my instructions on the inquiry notice 25 portion of the good faith defense. If you determine that any</p>	<p>15B3BAY6 Jury Charge Page 1363</p> <p>1 find that a diligent investigation would not have led to 2 discovery of insolvency or fraudulent purpose, then you must 3 return a verdict in favor of that defendant. 4 "Diligent" as used here means an investigation that is 5 reasonable, prudent, careful, and responsive to the available 6 information. 7 It is important to keep in mind that the question you 8 must decide as to diligent investigation is not whether a 9 reasonably prudent hedge fund investor would conduct an 10 investigation or simply close its account. If you conclude 11 that a defendant or its advisor was put on inquiry notice of 12 possible insolvency or fraudulent purpose, the law imposes a 13 duty on such parties to conduct a diligent investigation, or 14 demonstrate that a diligent investigation would not have led to 15 discovery of the insolvency or fraudulent purpose. 16 The defendants' actions are not to be evaluated on 17 basis of hindsight, or measured on the basis of whether they 18 were successful or unsuccessful in uncovering the Bayou hedge 19 funds' insolvency or fraud. Instead, the diligent 20 investigation question is to be measured by asking what a 21 reasonably prudent hedge fund investor would have done based on 22 the information available to the defendants and their advisors 23 at the time the investors submitted their redemption requests. 24 As with the inquiry notice question, in determining 25 whether a defendant conducted a diligent investigation, you</p>
<p>15B3BAY6 Jury Charge Page 1362</p> <p>1 defendant has proven by a preponderance of the evidence that it 2 was not on inquiry notice of insolvency or fraudulent purpose, 3 you must return a verdict in favor of that defendant. If, 4 however, you determine that any defendant has failed to prove 5 by a preponderance of the evidence that it was not on inquiry 6 notice of insolvency or fraudulent purpose, then you must move 7 on to the second component of the good faith test. I will 8 refer to this component of the good faith test as the diligent 9 investigation prong. 10 The diligent investigation prong of the good faith 11 test requires you to consider whether (1) each defendant 12 conducted a diligent investigation of the facts that put it on 13 notice that the Bayou hedge funds might be insolvent, or that 14 the redemption payment might be made with a fraudulent purpose; 15 and (2) whether a diligent investigation would have discovered 16 the funds' insolvency or the managers' fraudulent purpose in 17 making the redemption payment. If you find that a defendant 18 did not conduct a diligent investigation of the facts that put 19 it on notice of possible insolvency or fraudulent purpose, and 20 you further find that a diligent investigation of those facts 21 would have led to discovery of insolvency or fraudulent 22 purpose, you must return a verdict in plaintiff's favor and 23 against that defendant. But if you find that a defendant 24 conducted a diligent investigation of the facts that put it on 25 notice of possible insolvency or fraudulent purpose, or you</p>	<p>15B3BAY6 Jury Charge Page 1364</p> <p>1 should consider that defendant's actions under an objective 2 standard and consider what a reasonably prudent hedge fund 3 investor would have done. Accordingly, as with the inquiry 4 notice question, you may consider the standards, norms, 5 practices, sophistication, and experience generally possessed 6 by reasonably prudent hedge fund investors to the extent that 7 the evidence offered in this case has shed light on that. 8 I instructed you earlier, in connection with the 9 inquiry notice prong of the good faith test, that you should 10 consider post-redemption request evidence only to the extent 11 that it sheds light on a defendant's state of mind when it 12 submitted its redemption request in June 2004. That time 13 limitation does not apply to the diligent investigation prong. 14 Accordingly, you may consider post-June 2004 evidence, such as 15 public records and the actions of other investors, in 16 determining whether the defendants conducted a diligent 17 investigation, and whether a diligence investigation would have 18 led to discovery of the Bayou hedge funds' insolvency or 19 fraudulent purpose in making redemption payments. 20 As with the inquiry notice components, each defendant 21 has the burden of proving the diligent investigation prong by a 22 preponderance of the evidence. Accordingly, if you reach the 23 diligent investigation prong of the good faith test, and you 24 find that a defendant has shown by a preponderance of the 25 evidence that it conducted a diligent investigation, or that a</p>