

**To:** Parker Lewis, Hayman Capital Management, L.P.  
**From:** Rupa Patel; Rob Campbell, Edelman  
**Date:** December 23, 2015  
**Subject:** Strategic and Crisis Communications

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## OVERVIEW

Based on a briefing on December 22, Edelman understands that Hayman Capital Management has initiated a position on a publically-traded company that asserts that the entity is severely mismanaged and potentially misleading investors.

- **Fact Finding and Analysis:** Through a research period of roughly one year, Hayman Capital has identified and analyzed a publically-traded company operating what appears to be a Ponzi scheme and has consequently taken a financial position against it.
- **Communication with Relevant Parties Has Already Taken Place:** Hayman Capital has taken the necessary steps to inform the company's auditor on an unattributed basis and has informed other regulatory agencies on an attributed basis.
- **Communication Results in Action:** Just before communicating with the relevant parties, the auditor for the publically-traded company declined reappointment and shortly thereafter a board member of the company resigned.
- **Parties Involved Require Restraint:** A significant party involved with this situation has asked that Hayman Capital exercise restraint in communicating portions of information alluding to third-party entities.
- **Communications Have Not Been Attributed to Hayman Capital:** To date, Hayman Capital has not been definitively tied to this situation and all communications have been conducted anonymously via posts to web forums and unsigned, mailed outreach to media.
- **Target Company Has Retained a Public Relations Firm:** The publically-traded company identified by Hayman Capital is in the process of retaining ICR, a public relations firm, and it is believed that this company has begun to attempts to refute allegations against its organization and to take control the situation narrative.

## APPROACH

We at Edelman understand the unique challenges that arise when conducting crisis, regulatory and brand communications and consequently feel that Hayman Capital is at a pivotal moment as it relates to financial successes and brand reputation. While parts of the story are "out" the overall narrative remains un-owned, creating risk that the matter, and potentially Hayman Capital's role in the matter, to be misrepresented publically.

Based on our experience, we recommend pursuing the following in order to effectively manage and properly leverage the situation:

- **Establish messaging and processes to effectively respond to external events and inquiries:** With almost 30 employees, external audiences (ex. media, investigators) have multiple points of entry into Hayman Capital. By creating consistent messaging and establishing communications protocols for employees, Hayman Capital can control the situation, manage inbound and outbound communications and escalate issues as necessary.



- **Develop an overarching strategic communications plan to unify proactive and reactive approaches:** Communications initiatives need to be in lock step to ensure success and minimize unforced errors. A strategic plan will help chart out the proper messaging, cadence and storylines to pursue proactively should Hayman Capital deem it appropriate to share more information publicly, and reactively, should the need arise to counter third party statements about Hayman Capital.

An example of controlling the narrative would be to offer an exclusive on or off the record to a national media outlet (e.g. *Wall Street Journal* or *New York Times*) in order to generate increased awareness around both the situation and Hayman Capital's position.

- **Monitoring online and offline conversations to inform communications:** Two sentences on why – control message. Understand what is being said about the message, parties involved and identify opportunities enter or leverage conversations.

### **SCOPE OF WORK**

Edelman proposes a three-month engagement to assist in the management, development and implementation of the above-mentioned elements with additional availability to scale up and quickly activate a team in the event of a crisis situation. Additional details of deliverables and support areas covered under this scope of work follow:

#### **Messaging and Process Development:**

- Strategic counsel on executive positioning and communications.
- Consistent internal messaging to ensure all employees are sharing same voice.
- Processes for employees to flag external communication requests.
- Tactical plans to respond to information released by the publically-traded company.
- Communications playbook to be disseminated within organization.

#### **Communications Strategy Development and Outreach Support:**

- Recommendations on how to publically reveal Hayman Capital's position (in concert with media outreach).
- Media outreach plan with suggested targets for potential outreach, including exclusive(s).
- Local and national media outreach to support Hayman Capital's position (on or off record).
- Recommendations to capitalize on earned coverage by utilizing paid syndication services.

#### **Crisis Communications:**

- Availability to activate Edelman's extensive crisis communications capabilities should the need arise (see Appendix A).

#### **Website:**

- Develop website to host and message key financial analysis and findings derived from Hayman Capital research.

#### **Online and Offline Media Monitoring:**

- Three-month license for proprietary Edelman software to monitor digital conversation.
- Digital tool will flag spikes in conversation, allowing for rapid escalation and response.



**Duration:**

3-month engagement beginning December 28, 2015 and ending March 28, 2016.

**Budget:**

Messaging and Process Development	\$53,000
Communications Strategy Development and Outreach Support	\$21,200
Crisis Communications	(as needed; see Appendix A)
Website	(to be determined)
Online and Offline Media Monitoring	<u>\$20,000</u>
<b>Total</b>	<b>\$94,200</b>



## APPENDIX A

### **Crisis Incident Response:**

If Hayman Capital were to encounter a crisis situation beyond their capabilities to address internally, the Edelman crisis response network can be quickly mobilized to provide support virtually or onsite. Support from the crisis team could potentially include:

- Strategic counsel
- Crisis communications plan
- War room media monitoring
- Materials development and/or editing
- Media relations and media training

These services are billed at an hourly rate (see chart below). At the end of each month, Edelman would invoice the exact fees based upon the hours incurred during that month. Out-of-pocket expense amount(s) are billed separately at the end of the month on an as-incurred basis.

<b>Crisis Hourly Rate Card</b>	
<b>Role</b>	<b>Rate</b>
Administrative	\$95
Assistant Account Executive	\$175
Account Executive	\$185
Senior Account Executive	\$205
Account Supervisor	\$225
Senior Account Supervisor	\$320
Vice President	\$375
Senior Vice President	\$435
Executive Vice President	\$550
General Manager	\$650
Senior Executive	\$650

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