

## [THOUGHTS★★★]HERE'S THE MEMO JEFFERIES' CEO WROTE SUPPORTING THE BANKER WHOSE DIVORCE STUNNED WALL STREET

(P1) One story has **dominated** Wall Street this week — the sad divorce and **custody** battle between **Jefferies** global head of healthcare, Sage Kelly, and his ex-wife Christina.

(P2) In an incredibly detailed **deposition**, Christina **alleged** that she and her ex-husband used drugs and engaged in **extramarital** sex. What's more, she said they **routinely** did so with **business associates**, naming the names of high-powered Jefferies staff. Kelly is now **on a leave of absence**.

(P3) On Friday Jefferies CEO **Richard Handler** and Chairman **Brian Friedman** responded to all of this in a memo supporting his employees and **condemning** the **media circus** surrounding Kelly's private matter.

(P4) As the week progressed, the media and some of our major competitors have **piled on**, using **categorically denied allegations** made by one individual as the basis to **launch a judgment** of everything Jefferies. While we would like to ignore the **tabloids**, the blogs and whoever is feeding them, we know they continue to **scrounge around** for more random **tidbits** to **string together**, and we just cannot sit by silently. We are proud that the one thing that has allowed Jefferies to **persevere** and, more often than not, prosper, is our attitude.

(P5) Handler and Friedman said that they met with each of the individuals named in the deposition and maintained their belief that they represented the culture of the firm. They also said that the Jefferies healthcare team had volunteered to take drug tests.

(P6) "The two of us can of course **attest** that all tests came back drug-free," they wrote.

(P7) Their words for the rest of Wall Street weren't as warm.

(P8) One reporter publicly confirmed that a CEO of a top 5 bank personally emailed him the **lurid** details of the lawsuit, and we also have heard directly from other reporters that they also are getting information and encouragement to pile on from some of our competitors. When Jefferies competes, we do it in the financial markets by trying our best to help our clients succeed, not by spreading **baseless** rumors and lies in order to damage our peers. We expect you will hear more lies about us and even hear from reporters who would like to **dredge up** old news because, at this point, there is absolutely nothing new to write about the unfortunate custody proceeding. We are aware that there is an ongoing campaign that includes calling former employees to get "dirt" to string together **fabricated** themes of "bad people" and a "broken culture."

Read the full memo below:

To Our Clients and Friends:

(P9) The two of us have worked at Jefferies for a combined 39 years. We have survived challenging times and direct **assaults**, but that is what happens when you are working with partners to build a business that will **endure**. We have always met challenges honestly and directly, and we will not stop or back down now.

(P10) We are not **devoid** of issues or problems at Jefferies, and we believe even one example of bad behavior or the smallest of fines, lawsuits, or **penalties** is one too many. However, we would gladly put our **track record** of **compliance** and regulatory focus up against the record of any one of our major competitors.

(P11) This past week has been beyond painful for us, as a child-custody case has led to groundless questions about the **integrity** of our firm. As you may have read, our partner who is in the middle of all this

has taken a voluntary leave to focus on his personal life and the best interests of his two children. This is a terribly sad situation and our hearts go out to him and his family.

(P12) As the week progressed, the media and some of our major competitors have piled on, using categorically denied allegations made by one individual as the basis to launch a judgment of everything Jefferies. While we would like to ignore the tabloids, the blogs and whoever is feeding them, we know they continue to scrounge around for more random tidbits to string together, and we just cannot sit by silently. We are proud that the one thing that has allowed Jefferies to persevere and, more often than not, prosper, is our attitude. Jefferies' culture is based on integrity, putting our clients first, a truly entrepreneurial spirit, transparency, tenacity and humility. It is the driving force that enabled Jefferies to grow from a firm with \$7 million of net income in 1990 to a firm that today has a \$45 billion balance sheet, north of \$3 billion in annual net revenues (with over half from Investment Banking), and a global full service platform with 3,850 employee-partners.

(P13) Although if other companies found themselves in this unfortunate current predicament, they might step back and just send in the lawyers, we did something different, in keeping with who we are and the quality of the people who are our partners. The two of us sat down with each person named in the custody case documents and talked it all through. We then had similar discussions with other folks on our healthcare team and in other parts of our firm. We wanted to know what they all thought. We wanted to gauge for ourselves whether any of our own understanding of our culture was inaccurate. What we found was exactly what we expected – hard-working people doing their best for clients and for Jefferies.

(P14) With that confirmation, we went to our partners in healthcare investment banking yesterday afternoon and said, “The two of us are going to go take a drug test, and do you want to join us?” Our Global Head of Investment Banking and the three other investment bankers mentioned in the custody-case papers as alleged serial drug abusers stood up and each said, “I do.” They were deeply offended by the allegations and were eager to have the opportunity to set the record straight. Every one of our other healthcare Managing Directors then volunteered to come with us. They were not even mentioned in any document, but they chose to do this to show solidarity with their partners and also prove that suggestions of rampant drug use are pure fabrication. The two of us can of course attest that all tests came back drug-free.

(P15) Obviously, none of us anticipated the events of the last week or volunteering to take a drug test, so this was truly a random drug test. To be frank, we are embarrassed that we even have to discuss these matters, but this should put to rest the heart of the allegations about our firm. Sometimes truth does come in a jar.

(P16) As for the “media,” we must carefully and respectfully question whether this past week was approached with objectivity and balance. One reporter publicly confirmed that a CEO of a top 5 bank personally emailed him the lurid details of the lawsuit, and we also have heard directly from other reporters that they also are getting information and encouragement to pile on from some of our competitors. When Jefferies competes, we do it in the financial markets by trying our best to help our clients succeed, not by spreading baseless rumors and lies in order to damage our peers. We expect you will hear more lies about us and even hear from reporters who would like to dredge up old news because, at this point, there is absolutely nothing new to write about the unfortunate custody proceeding. We are aware that there is an ongoing campaign that includes calling former employees to get “dirt” to string together fabricated themes of “bad people” and a “broken culture.” Nobody wants to hear from the hard-working Jefferies people who deliver for our clients every day across our firm, our thousands of satisfied and loyal clients, or the thousands of us at Jefferies who are proud of our firm and our culture. Good news does not sell newspapers, but you, our clients, know us and know how we do business. We believe our work for each of you, our results over time and our enviable regulatory record speak louder than any of this titillating nonsense.

(P17) Honesty, Integrity, and Humility — we have tried to live by these guideposts and will continue to do

so, regardless of what **distorted** old stories or made up new ones are slung at Jefferies. We will focus on doing the best job possible for the considerable business you have entrusted us with. In closing, let us extend our sincere apologies for the distraction of this past week. The two of us are available to meet or speak with any of you at any time. We look forward to getting back to what we do – putting our clients first, always.

Respectfully,  
Rich and Brian

**Words:** 1,444

**Source:** <http://www.businessinsider.com/jefferies-ceo-kelly-divorce-memo-2014-10>

## DISCUSSION QUESTIONS

If you found the passage difficult to read or had problems understanding specific words or idiomatic expressions, please discuss them with your tutor. The following discussion questions should be answered in your own words and with your own arguments.

1. Briefly summarize the content of the article in your own words.
  2. What happened to Sage and Christina Kelly? What lawsuit are they going through and what stories is media presenting to the public (P1-3)?
  3. How did Handler and Friedman handle the case of the 'media circus' (P5-6)?
  4. If you were the CEO of Jefferies, what would you have done?
  5. Does the media have right to publicize the private matters if the story has greater implications on the general public? Support your argument with examples from history or your life.
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## WHAT / WHO / WHERE ARE THEY?

### Jefferies Group

(Company) Jefferies LLC is an American global investment bank and institutional securities firm headquartered in New York. The firm provides clients with capital markets and financial advisory services, institutional brokerage, securities research, and asset management. This includes mergers and acquisitions, restructuring, and other financial advisory services.

### Richard Handler

(Person) an American businessman, currently serving as the Chairman of the Board and CEO of Jefferies Group,[1] where he is the longest-tenured CEO on Wall Street. Handler also serves as the CEO and director of Leucadia.

### Brian Friedman

(Person) Mr. Friedman is President of Jefferies Capital Partners, Chairman of the Executive Committee of Jefferies and President and member of the Board of Directors of Leucadia National Corporation. Mr. Friedman founded the predecessor to Jefferies Capital Partners, Furman Selz Investments, in 1994. Mr. Friedman had joined Furman Selz LLC's Investment Banking Division at its inception in 1984 and was Head of the Division from 1987 through 1994. Mr. Friedman served as a member of Furman Selz LLC's Board of Directors, and Management and Operating Committees. Mr. Friedman previously was an attorney with Wachtell, Lipton, Rosen and Katz. Mr. Friedman received both a B.S. summa cum laude and an M.S. from The Wharton School of the University of Pennsylvania, and a J.D. from Columbia University School of Law. Mr. Friedman is a C.P.A. and a member of the bar of the State of New York.

Mr. Friedman serves on the board of directors for Epic Gas, Fiesta Restaurant Group and Patara Oil & Gas.

## VOCABULARY

<b>Dominate</b>	(v) (특히 불쾌한 방식으로) 지배하다; (어떤 장소에서) 가장 크다
<b>Custody</b>	(n) 양육권, 보호권; 양육, 관리
<b>Deposition</b>	(n) 증언 녹취록
<b>Allege</b>	(v) (증거 없이) 혐의를 제기하다
<b>Extramarital</b>	(adj) 혼외(婚外)의
<b>Routinely</b>	(adv) 일상적으로
<b>Business associates</b>	(n) 사업 동료, 동업자
<b>On a leave of absence</b>	(expression) 휴직 중
<b>Condemn</b>	(v) (보통 도덕적인 이유로) 규탄하다
<b>Media circus</b>	(expression) colloquial metaphor, or idiom, describing a news event where the media coverage is perceived to be out of proportion to the event being covered, such as the number of reporters at the scene, the amount of news media published or broadcast, and the level of media hype. The term is meant to critique the media, usually negatively, by comparing it to a circus, and is considered an idiom as opposed to a literal observation. Usage of the term in this sense became common in the 1970s.
<b>Pile on</b>	(expression) 급격히 불어나다
<b>Categorically</b>	(adv) 절대적으로, 단언적으로, 명확히
<b>Deny</b>	(v) (무엇을) 인정하지 않다, 부인하다
<b>Allegation</b>	(n) (증거 없이 누가 부정한 일을 했다는) 혐의 (동사 allege)
<b>Launch a judgment</b>	(expression) to set going; initiate – 본문에서는 ‘비판을 시작하다’로 해석
<b>Tabloid</b>	(n) 타블로이드 신문(흥미 위주의 짤막한 기사에 유명인의 사진을 크게 실는 것이 특징); 찌라시
<b>Scrounge around</b>	(expression) ...을 얻어먹으려고 다니다
<b>Tidbit</b>	(n) 재미있는 이야기, 토막 뉴스
<b>String together</b>	(expression) 연결하다[결합시키다](단어들을 결합시켜 문장을 만드는 데 대해 씀)
<b>Persevere</b>	(v) 인내하며 계속하다, 인내심을 갖고 하다
<b>Attest</b>	(v) (법정 등에서) 증언하다
<b>Lurid</b>	(adj) 충격적인, 끔찍한
<b>Baseless</b>	(adj) 근거 없는
<b>Dredge [smth] up</b>	(expression) (잊고 있던 일, 특히 불쾌하거나 당황스러운 일을) 들먹이다 [들추다]
<b>Fabricate</b>	(v) (거짓 정보를) 날조하다
<b>Assault</b>	(v) (신체적·언어적) 공격을 가하다; (몹시) 괴롭히다
<b>Endure</b>	(v) 견디다, 참다, 인내하다
<b>Devoid</b>	(adj) ~이 전혀 없는
<b>Penalty</b>	(n) 처벌, 형벌; 벌금, 위약금
<b>Track record</b>	(n) (개인·기관의 모든) 실적
<b>Compliance</b>	(n) (법·명령 등의) 준수; (명령 등에) 따름

<b>Integrity</b>	(n) 진실성
<b>Prosper</b>	(v) 번영하다
<b>Tenacity</b>	(n) 고집; 끈기; 강인함; 완강, 불굴, 집요
<b>Humility</b>	(n) 겸손
<b>Predicament</b>	(n) 곤경, 궁지
<b>Step back</b>	(expression) (~에서) 한 걸음 물러나 생각하다
<b>Gauge</b>	(v) (특히 남의 기분·태도를) 판단하다[알아내다]
<b>Solidarity</b>	(n) 연대, 결속
<b>Rampant</b>	(adj) 견잡을 수 없는, 만연하는
<b>Fabrication</b>	(n) 꾸며낸 것, 거짓말; 위조(물), 위조 문서(forgery)
<b>Anticipate</b>	(v) 예상하다
<b>Truth comes in a jar</b>	(expression) Jar은 drug test의 결과를 의미함. Truth comes in a jar –이라는 속어는 없습니다.
<b>Titillating</b>	(adj) 흥을 돋우는, 기분 좋게 자극하는
<b>Guidepost</b>	(n) 길표지, 도표(道標), 이정표; 지침(guideline)
<b>Distorted</b>	(adj) 비뚤어진; 곡해된, 왜곡된; 기형의