

**UNITED STATES DISTRICT COURT  
DISTRICT OF COLUMBIA**

	x	
BRIAN HUNTER,	:	
	:	
Plaintiff,	:	07 Civ. 1307 (RJL)
	:	
v.	:	
	:	
	:	
FEDERAL ENERGY REGULATORY	:	<b>DECLARATION OF</b>
COMMISSION,	:	<b>BRIAN HUNTER IN SUPPORT</b>
	:	<b>OF PLAINTIFF’S MOTION</b>
	:	<b>FOR A TEMPORARY</b>
	:	<b>RESTRAINING ORDER,</b>
	:	<b>PRELIMINARY INJUNCTION,</b>
	:	<b><u>AND DECLARATORY RELIEF</u></b>
	:	
	:	
Defendant.	:	
	x	

**DECLARATION OF BRIAN HUNTER**

I, Brian Hunter, declare as follows:

1. I was employed as a natural gas trader and portfolio manager at Amaranth Advisors LLC (“Amaranth”) from June 2004 through October 2005. Amaranth is the main trading advisory entity to Amaranth LLC, a hedge fund based in Greenwich, Connecticut.
2. From October 2005 until September 2006, I was employed in the same capacity by Amaranth Advisors (Calgary) ULC (“Amaranth Calgary”), an unlimited liability company registered under the laws of the Province of Nova Scotia. Like Amaranth, Amaranth Calgary is also a trading advisory entity to Amaranth LLC (Amaranth and Amaranth Calgary are referred to collectively as “Amaranth” in this declaration).


3. I currently serve as the president of Solengo Capital Advisors, ULC (“Solengo”), a company registered under the laws of the Province of Alberta, Canada (“Alberta”).
4. Solengo is making the necessary preparations to actively solicit investments that are crucial to its successful launch as a commodity derivatives investment fund. Solengo intends to serve as an investment adviser to private investment funds for select qualified investors (the “Solengo Managed Funds”). I maintain a 60% ownership stake in Solengo.
5. I am aware that the Federal Energy Regulatory Commission (“FERC”) commenced a preliminary, non-public investigation into trading conducted by Amaranth in late September 2006.
6. I am further aware that, in a letter addressed to me received on July 20, 2007, the FERC provided notice of its intent to issue an Order to Show Cause and Notice of Proposed Penalties (“OSC”) against me, no sooner than five days after the date of the letter (July 19, 2007) , which is Tuesday, July 24, 2007.
7. I have provided on-the-record testimony pursuant to subpoena before the Securities and Exchange Commission (“SEC”) on November 16, 2006, where representatives of the Commodity Futures Trading Commission (“CFTC”), FERC, and the Alberta Securities Commission (“ASC”) were present.
8. I have provided on-the-record testimony pursuant to subpoena before the CFTC on November 17, 2006, where representatives of the SEC, FERC, and ASC were present.
9. I have never been a defendant in any regulatory proceeding.

10. In my capacity as a natural gas trader and portfolio manager at Amaranth, along with other traders at Amaranth, I traded certain types of commodity derivatives, including natural gas futures traded on the New York Mercantile Exchange (“NYMEX”).
11. During my employment at Amaranth, I never traded contracts for the exchange or delivery of physical natural gas. Amaranth did not have the capacity to make or take delivery of physical natural gas.
12. Unlike the trading activity of entities that are able to make or take physical delivery of natural gas, Amaranth’s trading was designed to seek profit from price changes in the derivative instruments themselves, rather than to hedge against anticipated price movements in the market for physical natural gas.
13. If FERC files the unlawful action it contemplates against me, Solengo and I will suffer irreparable injury. The ability of the Solengo Managed Funds to attract potential investors in the future is based primarily on my personal reputation as well as Solengo’s ability to qualify for certain registrations, permits, and other legal arrangements.
14. As the majority owner of Solengo, any losses suffered by Solengo, including the closing of the business, have a direct impact on me, in the form of forgone unquantifiable income from potential profit earned and fees assessed by Solengo and the loss of my new business.
15. The funds I have advanced to develop Solengo have been substantial. If Solengo is unable to operate due to the OSC, this substantial investment will be lost.
16. The OSC will substantially imperil the prospective investments in the Solengo Managed Funds necessary for their successful launch, and will thereby destroy their

- viability and the viability of Solengo. The monetary amount of the lost business opportunity is impossible to quantify, since the Solengo Managed Funds are not yet opened for investments. No concrete investments can be made without the registration of Solengo with the Monetary Authority of the Cayman Islands.
17. Solengo's existence as a business venture depends upon its successfully registering as an investment advisor in the Province of Alberta, Canada, and certain of the Solengo Managed Funds registering in the Cayman Islands.
  18. I am aware that the ASC may well deny Solengo's pending application to serve as an investment adviser based upon the pendency of the OSC. I am also aware that the Monetary Authority of the Cayman Islands may well deny the application of certain of the Solengo Managed Funds for registration under the laws of the Cayman Islands on the same basis. These denials will prove fatal to Solengo's business.
  19. Under the laws of the Cayman Islands, the existence of the Solengo Managed Funds that are incorporated in the Cayman Islands is also contingent upon the agreement of unaffiliated individuals to serve as their directors. The OSC will greatly reduce the possibility that any outside individuals will choose to serve as directors of the Solengo Managed Funds.
  20. The Solengo Managed Funds must also engage the services of a prime brokerage firm in order to implement its intention to trade in commodity derivatives. The OSC would create a dramatic increase in the risk such a firm would take on by agreeing to clear and execute Solengo's trades. Were the OSC permitted to go forward, no prime brokerage firm would agree to service Solengo's trading.

21. In order to conduct its business and to be regulated in certain jurisdictions, Solengo and the Solengo Managed Funds must also solicit and retain other third party administrative services, including accounting and other financial services. Such financial vendors will be unwilling to contract with Solengo and the Solengo Managed Funds were the OSC permitted to move forward. Without such service providers, Solengo and the Solengo Managed Funds could not obtain registration, and as a result, could not operate.
22. Particularly important in this regard are the services of a third-party administrator, hired to perform independent Net Asset Value calculations on behalf of a fund's investors. These administrators are exposed a high degree of risk to their professional reputations and will not agree to provide such services to the Solengo Managed Funds if the OSC is issued.
23. Solengo's success also depends on the hiring of individuals with unique educational and professional backgrounds. Certain functions critical to Solengo's business, such as the development of proprietary computerized trading and risk management systems, cannot be performed without the employment services of such individuals. Any delay in Solengo's ability to move forward in hiring represents an unquantifiable business loss because of the likelihood that individuals with the relevant educational background and industry experience will accept other employment opportunities and the unique team of such professionals who have been assembled may break up and be essentially irreplaceable.

24. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and accurate to the best of my knowledge and belief.



Brian Hunter

Dated: Calgary, Alberta, Canada  
July 23, 2007