
From: Paul Morris [REDACTED]
Sent: 12/14/2015 9:55:55 PM
To: 'Jeffrey Epstein' [jeevacation@gmail.com]
Subject: FW: The FMV Valuation Alert - Sumner Redstone v. Commissioner

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

From: Lance S. Hall, ASA [REDACTED]
Sent: Monday, December 14, 2015 08:10 PM Eastern Standard Time
To: Paul Morris
Subject: The FMV Valuation Alert - Sumner Redstone v. Commissioner

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A Tale of Two Brothers: (A Deceased Brother's Revenge) *(Sumner Redstone v. Commissioner)*^[1]

By Lance S. Hall, ASA*

A few weeks ago, the Tax Court released its decision in the case of *Edward Redstone v. Commissioner*^[2]. While the Tax Court agreed with Edward, it disagreed in a later decision involving Edward's brother, Sumner - arguments about similar facts, but with a haunting twist of beyond the grave revenge.

Background³

In the mid 1960s, Edward owned a one-third interest in National Amusement, Inc. ("NAI") along with his brother, Sumner, and his dad, Mickey. Later, Mickey exchanged his interest for preferred stock and gave a 20% voting interest to the Grandchildren's Trust. This left Edward and Sumner with a 40% voting interest.^[4] Edward was given the responsibility of running the back office operations and property development, while Sumner had the more glamorous responsibility of dealing with the movie studios for NAI's theater operations. As often happens, Edward felt marginalized by his more well-known, and capable, brother. When Sumner "hired Jerry Swedrow to take over Edward's responsibilities" in the family business, Edward became "incensed" and quit NAI. Upon leaving, Edward demanded that he be bought out, or he would sell his shares to an unrelated party.

Mickey, desiring to keep the family business within the family, thwarted any possible sale to an outsider by refusing to give Edward his stock certificates. As the reason for not providing Edward with his stock certificates, Mickey argued that there was an oral agreement that some of the stock was for the benefit of Edward's children, and not for Edward. To bolster this argument, Mickey pointed out that he had contributed 48 percent of NAI's capital and had only received 33 percent of its stock. The differential, according to Mickey, was what he contributed to Edward's and Sumner's children by oral agreement (the "oral trust").

While contentious negotiations proceeded, Mickey refused to allow the shares to be sold to an