
From: Richard Kahn [REDACTED]
Sent: Friday, April 26, 2013 5:20 PM
To: Jeffrey Epstein
Subject: AYH

Jeffrey,

I have been reviewing the AYH investment as you asked. I have spoken on numerous occasions to both Tom and Frank. Tom has been very open and attempts to be helpful. Frank, less so, and he keeps asking why do you want to know? Unfortunately I am still missing documents to give you firm and clear answers. Frank, tells me they don't have the answers as the auditors prepared the audited financial statements. This seems odd to say the least as AYH had to give the auditors work-papers to prepare financials. On January 23, 2007 a finders fee in the amount of 253,125 was paid to Island Capital. (Frank said that was Andrew entity?) Did you have any other agreement with him that I am unaware of? There is another 247,000 on IGY Ltd and Subsidiaries audited financial statements as a gain on sale of your 50% interest? In 2007, 743,071 was paid as interest expense to an affiliate. I believe that this was pass thru of interest expense with no markup per a line of credit IGY had with Banco Popular. My understanding is that this was line of credit costs for the period January 18, 2007 thru May 31 2007 when you were not a partner. Yet the May 31, 2007 income statement shows that only 412,125 was paid thru May 31, 2007. Not sure why you were responsible for 330,945 (743,071 less 412,125) of interest expense from January - May 2007 when you did not receive any of the income during that same period. Unfortunately I have no further info on it.

To summarize, though all our records indicate that you and Andrew agreed on a 50 / 50 deal, it is possible that he never told that to his people. If it were a true 50 / 50 deal then IGY would not have taken out all their equity of approximately 5,000,000 and you only 250,000. There also would have been no finders fee, gain on sale of your interest and questionable leasing commissions on tenants whose credit worthiness was only approved by the same people making the lease. We have never been in this position and I know that Andrew is your trustee. In answer to your question what is there to be done going forward I would suggest that they return your equity and let's call it a day. The more I inquire about the fact patterns surrounding your investment the more unhappy it makes me. Alternatively, maybe negotiating with Banco Popular to write down its loan by approximately 5-8 million may allow IGY to recover and recapitalize.

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