
From: Melanie Spinella <[REDACTED]>
Sent: Tuesday, September 24, 2013 2:43 PM
To: 'Jeffrey Epstein'
Subject: RE: Petition for Advisory Opinion

Jeffrey –he is in back to back meetings most of the day – I will give him the message.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Tuesday, September 24, 2013 10:41 AM
To: Melanie Spinella
Subject: Fwd: Petition for Advisory Opinion

please call me

Jeffrey,

I revised the draft Petition to include the language you asked for—all noted in bold black font and enclosed in brackets, namely: (i) language referencing the trust's grantor trust status for Federal income tax purposes, (ii) a statement that sales tax was paid upon initial purchase of the TPP and (iii) references to the Substitution Power constituting a non-fiduciary administrative power.

As you know, Alan and I would prefer not to include the foregoing references. References (i) and (iii) do not add to the lack of consideration argument and may inadvertently trigger a second look at the Rothstein case and the State's willingness to follow Rev. Rule 85-13 instead of Rothstein (which is still good Federal law for NY State tax purposes). If that happens, it could mean that transactions between a grantor and his grantor trust would constitute sales for New York State income tax purposes. Needless to say, that would be a disastrous result. Even if this is a very remote scenario, there is no reason to wave a red flag (even a tiny one) in front of a very big bull if we gain nothing from it. I would therefore exclude references to the IRC and the grantor trust provisions.

The reason for excluding reference (ii) is noted below.

The bracketed and bold language in Red is language I included to address the use tax issue but which I believe Alan was not completely comfortable with. Alan—have you thought more about this?

Please let me know if you need any further revisions.

Best regards,

—/span>

On Sep 24, 2013, at 9:36 AM, Ada Clapp <[REDACTED]>

Good morning Jeffrey,

I addressed your two points in my email yesterday. Perhaps you missed it (or I missed your response). I will reiterate below:

I do not think we should mention that sales tax was paid by the grantor for the reasons we discussed relating to our not applying for the opinion in the first place. I don't think we want that to be a determinative factor in the ruling. I worry that it opens the door for a fishing expedition if NY ever looks into such a reacquisition. If still want it included in the Petition and it does become a determinative factor to issuing the opinion, it means that a grantor will only be able to substitute art for which he or she can prove sales tax was paid. I would rather not have that limitation. Alan agrees with this view. Do you want this included nonetheless?

Regarding the administrative powers language, the Petition quotes the entire trust language which states that the grantor is exercising the power in a non-fiduciary capacity. I don't see what traction is gained by simply repeating this as part of the argument for a favorable opinion. What is your reasoning for why this bolsters the lack of consideration argument? Please explain so I know what argument you are trying to make and can include it in the Petition.

Ada Clapp
Black Family Partners
c/o Apollo Management
9 W 57th Street
New York NY 10019



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On Sep 24, 2013, at 9:27 AM, Jeffrey Epstein <jeevacation@gmail.c=m <mailto:jeevacation@gmail.com> > wrote:

you did not include the fact that sales tax has been paid, already on the ites, and that he is acting in a non fiduciary capacity = please re do

=/span>

this didn't include the last changes non fiduciary , sales tax already paid.etc

=/span>

Jeffrey,

The form is set up so that you cannot save it as a document in editable format. Whomever is representing your client and submitting the Petition on his, her or its behalf will either need to (i) print out the form and type in the information (using an Attachment), or (ii) type most of the information into the form online and save it as a PDF document (the form is not flexible enough to include the lengthy response to item 4, so your representative will need to use an Attachment). The PDF document can be printed and submitted with the Attachment. </=>

I have attached what your client's representative may wish to use as responses to items 1-4.

Item 5 addresses additional redacting you may wish for your client if you include any information other than what is on the attached draft Petition.

Item 6 relates to reserving your client's right to participate in New York's Voluntary Disclosure and Compliance program with respect to the subject of the advisory opinion. As you may know, this program is designed to encourage taxpayers to come forward and declare unpaid taxes in exchange for NY not imposing penalties or bringing criminal charges. I do not know if there is any downside to reserving the ability to participate in the VDC program-- but it would only apply to sales and use tax relating to your client's having substituted tangible personal property into a grantor trust in exchange for other property. If your client has not done this, perhaps it makes no sense to reserve this right. I am not sure if it "looks suspicious" to check this box. Perhaps Alan has a better feel for this?

Ada Clapp
Black Family Partners
c/o Apollo Management
9 W 57th Street
New York NY 10019



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