

To: Nikolic, Boris [REDACTED]
From: Jeffrey Epstein
Sent: Wed 12/9/2009 8:47:30 PM
Subject: Re:

hows 4 est

On Wed, Dec 9, 2009 at 12:35 PM, Nikolic, Boris <[REDACTED]> wrote:

Agree.

In matter of fact, the use of barter still exists. Some sites such as Craig list are using it. It is not predominant mean of trading on these sites but exists. Making a global (and focused) Barter site could be big.

It would be cheaper (cuts conversion/transaction costs) and perhaps preceived as more fair (as you said money is like vagina - you would still get it, but without seeing it).

Money should be still used to cover final transaction cost to the site (although even barter could be used there).

Can you talk any time between 1pm and 2:30pm PST - 4-6:30EST your time?

B

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Wed 12/9/2009 12:44 AM
To: Nikolic, Boris
Subject: Re:

ffm only as a quasi currency.. barter is the biggest , Ebay makes no sense it need no computing power only , listings.--- if you want a boy and i want a girl, , we should simply exchange one for the other, however one of us is going to have vauue left over.. (obviously debatable, which one). however it is rare to find a perfect barter partner, what we should do is have a computer say , boris you deliver the girl, jeffrey the boy, sam a car, melanie a watch, and make the switch .At the essence money is only to account for the difference of value in what we have to trade. when should we speak?

oris <[REDACTED]> wrote:

I was thinking of FFM for a while. I love that system. Taxes are the problem, although IRS has already placed some system in place. In addition, if becomes a bigger issue governments would place new taxes if system becomes bigger. Nonetheless, in my mind taxes are the smaller problem.

1) Also, aren't FFM awards taxable? As far as a direct tax on the award user, the most recent IRS ruling states (with some equivocation) that free tickets are taxable IF they are earned in the course of business travel AND they are used for leisure travel. This rule has proved too difficult to apply, so enforcement has been practically non-existent. For the future, though, we should never underestimate the government's appetite for tax revenues.

More importantly, the recently enacted 1997 Taxpayer Relief Act of 1997 attempts to tax FFP transactions covertly. This new excise tax took effect on October 1, 1997, and will have a significant effect on airlines and their marketing partners, and on the frequent travelers who participate in frequent flyer programs. For a number of reasons, this change to the tax code went largely unnoticed (and uncontested) by legislators and the general public. It has been dubbed the "stealth tax," a moniker which well conveys its insidiousness. While there is still considerable discussion and debate about the interpretation of the new law as it applies, e.g., to the use of miles by the host airlines themselves, and to the sale of miles by foreign-based programs, the following is generally understood and accepted: When a program partner (airline, hotel, car rental company, credit card, etc.) gives miles to a program member, the partner must purchase those miles from the airline that operates the frequent

flyer

program. The new law imposes a 7.5% tax on that purchase.

2) The creation of meta PPM program would be interesting. However, here we comes

to the problem that to me is bigger than taxes: In my mind the bigger problem

is all program partners include language in their FFP member materials that

states that FFP mileage, coupons and tickets may not be sold, bartered or

otherwise transferred for any type of consideration. At one time, this was a

\$150 million-a-year business. It continues, but on a much smaller scale because

the airlines have aggressively pursued and prosecuted the brokers, sellers and buyers.

It is very interesting to analyze the history of FFP, how they become, what and

when enable them (very recent history). From early cigarette coupons and various

stamps to modern credit card associated FFP.

Nonetheless, I still prefer some kind of conversion to information.

Please let me think about that. Have few huge deadlines this week, which sucks!

Will call you tomorrow,

Re the second part of your email - I did not know that you are into elimination

of discomfort, disease, or poverty!!!

Boris

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Tue 12/8/2009 9:09 AM
To: Nikolic, Boris
Subject:

frequent flier miles. is another form of world currency. . problem is taxes,
there is no system to tax trading in miles. so the gov't will eventually go crazy.. // The best work of the foundation would be to create money/value to be used to eliminate discomfort. disease, poverty. , there is no reason that a new form of distribution , can't be created. There is no shortage of food medicine , or information, at the moment the only thing available to the poor is info.

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