

To: Jeffrey Epstein [REDACTED]
From: jeanluc
Sent: Wed 3/23/2011 4:03:57 PM
Subject: Fw: MC2 and Repayment of LC
REPORTING JAN MIA & NY.PDF

Sent via BlackBerry from T-Mobile

From: "Jeff Fuller" <[REDACTED]>
Date: Wed, 23 Mar 2011 11:32:41 -0400
To: 'Rich Kahn' <[REDACTED]>; 'Jeffrey Epstein' <jeevacation@gmail.com>
ReplyTo: <[REDACTED]>
Cc: <[REDACTED]>
Subject: RE: MC2 and Repayment of LC

Rich,

Thanks for your email. I am actually processing a 10k payment today for the LC as we want to try our best to be at 750k by April 15th. Our CPA Mark Zand is in the process of negotiating a payment plan separate for each office. The proposed payment plan for the New York office is currently \$20k per month and they have actually received the first payment and cashed the check. That being said, we do not have a formal acceptance from the IRS agent on that amount but our CPA is chasing them nearly daily to be proactive on this matter. They have all our financial information and we are waiting for a response.

We are basically at the same stage with the Miami office and are waiting for the IRS agent to respond to our CPA. The difference is that we had to wait for some 1065's that for one reason or another had not posted to the system but that was easily resolved since they had been prepared and filed and just needed to be resubmitted. It took 45 days for those to post but now they are in the system and Mark Zand is chasing the local Florida agent. We are looking for a payment plan of 10-15k per month on this matter related to the Miami office.

Basically if we work with the profit of 2010 we project the following for 2011:

MC2 consolidated profit of 650k with the cash to be allocated as indicated below:

Less IRS NY 240k

Less IRS MiA 180k

Less LC Repayment 180k

Leaving Emergency cash Reserve 50k

I've attached our reporting for January which shows a 120k consolidated profit between the offices. I am trying to be conservative in our forecasts stated above but obviously if our company performs better in 2011 than 2010 we will make it a priority to pay more down on the LC particularly once we have the confirmed fixed payments with the IRS. As you have mentioned in your email the IRS is the wildcard in all this but so far so good and we are taking a very proactive approach to the management of the company. I should have the February reporting soon and I suspect it will not be as strong as January but still profitable. I hope this helps with the confidence level of our intention to process payments regularly to the LC. I personally have appreciated your insight and guidance over the past year in helping focus on our cash management as things have begun to turn around for us.

Best Regards,

Jeff

From: Rich Kahn [mailto: [REDACTED]]
Sent: Wednesday, March 23, 2011 9:57 AM
To: 'Jeffrey Epstein'
Cc: [REDACTED]
Subject:

I am extremely concerned regarding the renewal of the letter of credit. The outstanding balance is currently \$784,000. Although the business seems to have bottomed and is starting to improve our debt is behind IRS debt due for NY of \$1,200,000 and Miami \$600,000. I understand that \$150,000 was repaid to the IRS over the past 3-4 months and that resulted in no pay downs on our line. If \$1,800,000 needs to be paid going forward how will this line ever be repaid??

Rich Kahn

HBRK Associates Inc.

