

To: Jeffrey Epstein[jeevacation@gmail.com]
From: Eileen Alexanderson
Sent: Fri 8/17/2012 8:05:22 PM
Subject: RE:

New version of the proposal from [REDACTED] involves amending to make income right a 'fixed right'

This should address issue of whether right is giftable

Amend, also, so that the Remainder, at time of death, passes to a new trust instead of staying in the 2006 trust

LB purchases the income right and the remainder interest in exchange for promissory note

This helps avoid the risk of inclusion we would have had using a GRAT.

However purchase of such an asset with implication re disclosures that would need to be made are a concern regarding scrutiny and SEC disclosures

Alan still feels GRAT is the way to go but after making right a fixed one.

Second subject-Alan and Ada both dislike the Art Partnership in its proposed configuration. Alan has a new proposal as follows:

Let's assume we do the GRAT and at its termination it pours into a new 2012 Trust and the assets of the 2006 Trust are decanted into the 2012 Trust also.

Instead of having one class of interests in this partnership, there would be two: a pfd class with a coupon and a common class with all other rights including the right to use the art.

Leon would own the pfd class, the Trusts would own the common class

Example:

Leon contributes \$1bil Art

The 2012 Trust contributes income producing property-namely interests in Black Family Partners with \$1bil value

at a coupon of 7% (tbd), Leon would receive income of \$70mil/yr

No issue re Leon's control given the fixed coupon

Character of the income he gets would not be tied to the income right.

Debra, as bene of the Trust can enjoy the art

No issue in terms of Leon needing to make redemptions from the partnership

Headed for the train out east. Can email re all this once I am on.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Friday, August 17, 2012 1:57 PM
To: Eileen Alexanderson; Melanie Spinella
Subject:

to make a gift , you have to have a property right in it. the future income right, is questionable , the income tax issues, seperate from the gift and transfer tax issues are also complex as gifting incentive fee income is extremely fact specific control etc.

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