

**To:** McCaffrey, Carlyn [REDACTED]  
**From:** Jeffrey Epstein  
**Sent:** Mon 2/11/2013 3:36:05 AM  
**Subject:** Re:

Lets talk tomorw

On Sunday, February 10, 2013, McCaffrey, Carlyn wrote:

Where can you get prices? I didn't think there were any traded 10-year call options. What kind of price do you think there would be for a 10-year call on with a strike price equal to a stock's current market price?

**Carlyn S. McCaffrey** | Partner  
McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173  
[REDACTED]

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**From:** Jeffrey Epstein [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]  
**Sent:** Sunday, February 10, 2013 6:29 PM  
**To:** McCaffrey, Carlyn  
**Subject:** Re:

we can actuallyl get prices. we could make them european, only excericable at expiration.  
etc. yes

On Sun, Feb 10, 2013 at 7:24 PM, McCaffrey, Carlyn [REDACTED] wrote:

I know that the relationship between the strike price and current value are important factors in determining the price of an option but aren't the length of the option and the volatility of the stock also very important? If there are no 10 year publicly traded options we would have to get an appraisal.

Are you sure that a purchase be LB of the partnership interest followed by a sale by him of a call isn't caught by 16b?

On Feb 10, 2013, at 11:37 AM, "Jeffrey Epstein" <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)> wrote:

1. according to the strike, price,
2. the economic effect can be manged in the document.
3. security wise lock up is only concern as long as it happens near the same time and is not deep in the money,
4. the price of the option reflects the risk of that,

On Sun, Feb 10, 2013 at 12:27 PM, McCaffrey, Carlyn <[REDACTED]> wrote:

What would the price of a 10 year option be?

Although he can buy the PS interest , the call will have to be on the stock itself.

Your structure bypasses 2703 because LB will never deliver the stock pursuant to the option. The economic effect, however, is the same. That's why some think it doesn't work.

What are the securities law consequences of LB buying stock and the selling a call?

Does the purchaser of a publicly traded call risk the possibility that the stock value will not increase because all the growth will be paid out in dividends?

On Feb 10, 2013, at 10:36 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

good first try, yes call options are publicly traded, we would do five to ten year terms, , he could purchase the partner ship interest i guess, valuation the issue , he could decide on how much, we wouldn't need to bypass 2703, the stock would be full value but there would be an liability against it , which could not be ignored. he would not need much money to live as he would have the full dividends.

On Sun, Feb 10, 2013 at 11:16 AM, McCaffrey, Carlyn <[REDACTED]> wrote:

I agree (although at least one of my partners does not) that you can avoid the reach of section 2703 with a cash settled option.

How would we price the option? Are call options on the stock publicly traded? How are dividends treated under the normal stock option?

Here's how I understand your proposal.

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