

To: Richard Kahn [REDACTED]; JEE[jeevacation@gmail.com]
From: Cecile de Jongh
Sent: Mon 2/10/2014 2:17:45 PM
Subject: Fw: Proposal re AYH--use this one

With warm regards,
Cecile

On Monday, February 10, 2014 9:07 AM, "Garrison, Frank" <[REDACTED]> wrote:
Cecile,

Thank you for the response. I appreciate the spirit in which the counter offer was made. In the interest of allowing Jeffrey and Andrew to put this behind them, I am confirming IGY's acceptance to what I believe your counter offer to be. As you can see I have changed the amount of cash payment to \$292,655 as requested. Note that the payment would come from IGY not AYH (because if from AYH, Jeffrey would be effectively paying half of it which I do not believe you or he intends). For the sake of clarity, I have reiterated all of the terms of your revised proposal below:

The following is intended to be in the nature of a settlement proposal and by agreement among the parties will be treated as such and not be admissible in any future proceeding.

- 1) Office rent at AYH would be reduced by \$6/foot from the currently stated amounts in the lease.
- 2) The management fee at AYH would be reduced by 33%, i.e., from 7.5% to 5% effective the first day of the calendar month following execution of a formal agreement.
- 3) IGY would make a cash payment of \$292,655 to Jeffrey Epstein within 10 business days of agreement (NB: This amount is the precise amount of a contemplated interest "adjustment" that has been previously discussed.)
- 4) Fuel for vessels currently owned by JE and affiliates would be allowed to purchase fuel at AYH at a 20% discount to published price. Charges for fuel purchases would be due by the end of the third business day following date of purchase.
- 5) The arrangement for the provision of 75 linear feet of dock space would remain in place unchanged
- 6) Jeffrey Epstein would receive a 10% slip rental discount on all other existing boats/slips. This discount is currently not memorialized anywhere and new slip agreement would be executed to memorialize.
- 7) The parties would execute mutual releases as part of a formal agreement

I will instruct IGY's general counsel to prepare documentation so we can bring this to conclusion expeditiously. My goal is to have an agreement ready for execution so that we can conclude no later than Feb 28.

Frank

Frank M. Garrison
Island Capital Group LLC
One American Center
3100 West End Ave Suite 1230
Nashville, TN 37203

From: Cecile de Jongh [mailto: [REDACTED]]
Sent: Saturday, February 08, 2014 9:35 AM
To: Garrison, Frank
Cc: Cecile de Jongh
Subject: Re: Proposal re AYH--use this one

Good morning Frank,

Please see the below counter proposal that Jeffrey wanted me to send to you.

He is asking that AYH make a cash payment of \$292,655 (as opposed to the \$165,473 offered) based on the following reasons:

- a. The \$165,473 payment offered does not include accrued interest from the period of May 29, 2007 through February 4, 2014.
 - Interest for this period amounts to \$135,809 at 9% statutory rate under New York's Civil Practice Laws and Rules
- b. AYH made no reconciliation for the approximately \$308,000 of rents written off that had management fees paid on it.
 - $\$308,000 \times 7.5\% = \$23,100$
- c. Management fees from 7.5% to 5.0% included no payback of 2.5% fees from inception to date.
 - $\$3,818,253 (2007-2013) \times 2.5\% = \$95,456$

The above three items add an additional \$254,365. If we split this amount, to be fair, then Jeffrey should be paid a lump sum of \$292,655 (original amount \$165,473 + \$127,182 = \$292,655).

Please let me know your thoughts.

With warm regards,
Cecile

On Thursday, January 30, 2014 5:38 PM, "Garrison, Frank" < [REDACTED] > wrote:

Cecile,

I corrected a typo in the version I sent a few minutes ago; just made item 2 , two separate items.

We have revisited the facts and circumstances surrounding Jeffrey Epstein's investment in AYH and had several discussions . The following is intended to be in the nature of a settlement proposal and by agreement among the parties will be treated as such and not be admissible in any future proceeding.

- 1) Office rent at AYH would be reduced by \$6/foot from the currently stated amounts in the lease.
- 2) The management fee at AYH would be reduced by 33%, i.e., from 7.5% to 5% effective the first day of the calendar month following execution of a formal agreement.
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 - 7) The parties would execute mutual releases as part of a formal agreement

You will remember that in the past we have recommended mediation in an effort to move things along and even proposed a specific construct and some specific mediators. If Jeffrey is unwilling to accept the foregoing for whatever reason, we again request that you and he consider mediation in an effort to advance the process.

Thank you in advance for your consideration. The foregoing is not intended to be a binding offer but rather an outline of terms that we believe could be incorporated into an agreement or agreements which would become binding when executed and delivered by all parties.

Frank

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Nashville, TN 37203
[REDACTED]

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