

**To:** A Barrett [REDACTED]  
**Cc:** jeffrey epstein - j. epstein & company (jeevacation@gmail.com)[jeffrey epstein - j. epstein & company (jeevacation@gmail.com)]; jeevacation@gmail.com[jeevacation@gmail.com]  
**From:** Michael Gargano  
**Sent:** Tue 10/29/2013 6:49:58 PM  
**Subject:** RE: Re:

Thanks, Anthony.

I totally agree with Jeffrey. As we discussed yesterday, this is very much an intense hands-on operating business and has more risk than conventional leased real estate. Nevertheless, I think the risks here are manageable. But I will know a lot more after I tour the property on Thurs and will let you know if I change my view. In the meantime, here is the way I'm looking at it:

1. Current Low NOI. The NOI is already on the low end of the range and reflects inattentive management - Lehman.
2. Other Bidders. The other bidders are all traditional real estate players (Carlyle, Hudson Pacific, and CIM).
3. Potential Upside. The plan would be to gradually convert occupancy to long term arrangements with Fox or other entertainment/tech firms, which will mitigate the operational risks and also allow us to lock in long term debt at lower rates. If we can reach agreement with Lehman to buy the property, we would start the discussions with Fox immediately.
4. Development. We need to get a better handle on potential real estate development potential. The broker told me that the other bidders are looking at a long term plan of preserving the historic structures and then demolishing non-historic stages and replacing them with creative office buildings – there is great demand for such space in the Culver City and Westside markets.
5. Risks. I have asked the studio operator (he's one of the best in the business) we are working with to list the primary operational risks we need to consider. This way we can review the studio risks on a more informed basis.
6. Other JV Partners. If Jeffrey prefers, we can bring in other funding sources. I'm just trying to be

realistic and plan accordingly as all the other bidders have credit lines which would allow certainty of closing, which is important to Lehman before year end, and then the winning bidder would place the debt after closing.

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**From:** A Barrett [REDACTED]  
**Sent:** Tuesday, October 29, 2013 12:09 PM  
**To:** Michael Gargano  
**Subject:** Fwd: Re:

Anthony Barrett

Begin forwarded message:

**From:** Jeffrey Epstein <jeevacation@gmail.com>  
**Date:** October 29, 2013 at 11:57:28 AM EDT  
**To:** Anthony Barrett <[REDACTED]>  
**Subject:** Re:

let me think about it, it seems more prone to operational difficulties than real estate

On Tue, Oct 29, 2013 at 10:54 AM, Anthony Barrett <[REDACTED]> wrote:

Jeffrey,

Please let us know if you would be able to close all cash if necessary, or if you have any other ideas.

Anthony

Anthony

On Oct 29, 2013, at 10:41 AM, Michael Gargano wrote:

> Looks like other bidders are willing to close all cash and put the debt in place after so that Lehman has certainty of close. Do you think Jeffrey could do that? Use a JP Morgan credit line to close?

>

> Sent from my iPhone

Anthony Barrett  
Ossa Properties, Inc.

[REDACTED]  
NY NY 10065  
[REDACTED]

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