

To: Jeffrey Epstein[jeevacation@gmail.com]
From: McGraw, Thomas
Sent: Mon 11/19/2012 3:21:09 PM
Subject: RE:

Jeffrey – Generally no.. but a couple qualifying remarks

The definition of a “...qualified payment...” requires a “...fixed rate...” -- which we have always illustrated & seen appraised in the market for actual transactions as numerically fixed with a definitive percentage of the principal preferred equity issued at par (non cumulative with a rolling four grace period on preferred yield payments) . That said the definition of the term “...fixed rate...” could also generally include preferred capital accounts or preferred stock which are reset periodically in accordance with an objective market reference ...however I would note that such variability in the fixed rate requirement would add uncertainty to a already complex transaction, with complex valuations & diminish success on any audit inquiry.

One other remark , there is no “fixed rate” requirement and these special valuation Code Sections 2701-2704 are not applicable if the junior equity positions are not gifted to “...the transferor’s spouse, the lineal descendant’s of the transferor or transferor’s spouse or the spouse of any descendant...”

IRS Circular 230 Disclosure:

JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Saturday, November 17, 2012 12:03 PM
To: McGraw, Thomas
Subject:

can the preferred carry a variable coupon, in the estate freeze?

--

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved