

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 05/08/2002

JEFFREY E. EPSTEIN, date of birth [REDACTED], social security account number [REDACTED] occupation financial consultant, business address The Villard House, 457 Madison Ave, 4th Floor, New York, NY 10022, telephone number [REDACTED], was interviewed at his office. Also present at the interview was EPSTEIN'S attorney JEFFREY SCHANTZ. After being advised of the identity of the interviewing agents and the nature of the interview, EPSTEIN provided the following information:

EPSTEIN owns homes in Aspen, CO, Palm Beach, FL and the Virgin Islands. EPSTEIN stated that LAURENCE S. ZIMMERMAN also owns homes in Aspen and Palm Beach. EPSTEIN was introduced to ZIMMERMAN and they occasionally met or saw each other at social events. In approximately October 2001, ZIMMERMAN asked EPSTEIN for a ride on EPSTEIN'S private plane from New York to Palm Beach. EPSTEIN stated that ZIMMERMAN told him that he was involved in various financial deals, including deals in the telecommunications industry. ZIMMERMAN asked EPSTEIN if he could contact him with any financial deals that he felt EPSTEIN might have an interest. EPSTEIN told ZIMMERMAN that he could contact him as he is always looking for opportunities to make money and EPSTEIN was aware that many people in the Aspen area had made significant money investing in the telecommunications industry.

In December 2001, EPSTEIN was contacted by ZIMMERMAN about an investment that he was making in WINSTAR COMMUNICATIONS INC. (WINSTAR). ZIMMERMAN told EPSTEIN that WINSTAR was a publicly traded company that was presently in bankruptcy proceedings. ZIMMERMAN was putting together a deal through his company, WINTEL TELECOM HOLDINGS INC. (WINTEL) to acquire WINSTAR for approximately \$100 million. ZIMMERMAN stated that the assets of WINSTAR were worth \$1 billion. ZIMMERMAN was seeking a \$15 million bridge loan from EPSTEIN as a down-payment on the purchase of WINSTAR from the bankruptcy court until he was able to secure a \$100 million loan from a bank. ZIMMERMAN offered to put up \$15 million of U.S. Treasury Bonds as collateral for the loan. In addition, ZIMMERMAN offered his personal guarantee

Investigation on 05/08/2002 at New York, New York **UNLOADED**

File # 196A-MM-93577-142 W. [REDACTED] Date dictated 05/08/2002

BY [Signature]

DATE 7-10-02

See 1A18

196A-MM-93577-142

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secured by his homes in Aspen and in New York. In consideration of the \$15 million bridge loan, ZIMMERMAN agreed to pay EPSTEIN an interest rate of 15% on the loan and a \$500,000 fee. In addition, ZIMMERMAN would give EPSTEIN 3% of the equity (stock) of WINSTAR.

EPSTEIN questioned ZIMMERMAN as to why he didn't just borrow against the U.S. Treasury Bonds with a bank since he could borrow nearly dollar for dollar on this collateral. ZIMMERMAN explained to EPSTEIN that his partner had \$130 million U.S. Treasury Bonds in an off-shore restricted account. The Bonds could not be repatriated to the U.S. for tax reasons but could be pledged. Due to the time constraints for making the \$15 million down payment, going to a bank for the down payment was not an option as he needed the funds as soon as possible. Although EPSTEIN thought the explanation concerning the bonds to be a little unusual he was intrigued about the opportunity to make a significant return on the bridge loan and was interested in ZIMMERMAN'S Aspen home if the deal fell apart.

On December 12, 2001, EPSTEIN received a fax from JAMES P. WHITTIER of LANDTEL, 600 Madison Ave, 25th Floor, New York, NY 10022, telephone number [REDACTED]. The fax included a term sheet which formalized the conversations that EPSTEIN had with ZIMMERMAN concerning the \$15 million bridge loan. After reviewing the term sheet, EPSTEIN noticed that there were already current mortgages on the New York and Aspen properties that were to be pledged as collateral. EPSTEIN performed a check of ZIMMERMAN on the Internet and found that there had been two instances of foreclosure on properties owned by ZIMMERMAN in the past. EPSTEIN then contacted ZIMMERMAN and requested supporting documentation regarding all of the loan collateral. EPSTEIN also requested that ZIMMERMAN contact his attorney, JEFFREY SCHANTZ, in all future dealings regarding the bridge loan and the issue of supporting documentation for the loan collateral.

On December 13, 2001, EPSTEIN received a fax from ZIMMERMAN with a LANDTEL coversheet. The fax included a copy of a BLOOMBERG screen printout relating to \$15,514,000 of U.S. Treasury Bonds identified with CUSIP #912827W81. EPSTEIN was a

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little annoyed with ZIMMERMAN since this BLOOMBERG screen did not provide any information to him. EPSTEIN contacted ZIMMERMAN and told him that he was not satisfied with the collateral since it did not provide him any information regarding the Bonds. EPSTEIN stated that ZIMMERMAN also provided an appraisal on the New York property that he was putting up as collateral.

On December 17, 2001, EPSTEIN received a fax from ZIMMERMAN. The fax included an Institutional Custodial Safekeeping Receipt, an Institutional Receipt and a Special Addendum Institutional Custodial Safekeeping Receipt all making reference to \$20 million of U.S. Treasury Bonds. All three documents received by EPSTEIN were on WILLIAMS MANAGEMENT AND CAPITAL GROUP, LTD. (WMACGL) stationery. The address for WMACGL was listed as 5721 178th Place, SW, Suite 105, Lynnwood, Washington 98037, telephone number [REDACTED]. The Beneficiary listed on the documents was CENTURY CAPITAL, S.A. and the Assignee was listed as WINTEL TELECOM HOLDINGS, INC. All three documents included a Bank Officer Verification and Bank Stamp signed and stamped by KEVIN KEON, WELLS FARGO BANK, NA, Lynnwood, WA.

Later on December 17, 2001, EPSTEIN received two more faxes from ZIMMERMAN. One fax included WINTEL'S bank wire instructions for the bridge loan. The second fax was a "form" commitment letter to the Bankruptcy Court in Delaware regarding EPSTEIN'S intent to immediately fund \$15 million to WINTEL which EPSTEIN was instructed to fill out, sign and return to ZIMMERMAN.

EPSTEIN telephonically contacted WELLS FARGO BANK, NA, located in Lynnwood, WA and requested to speak with KEVIN KEON. EPSTEIN was advised that there was no one by that name at that branch. EPSTEIN was further advised that a KEVIN KEO used to work at the branch but had moved to the Monroe branch of WELLS FARGO. EPSTEIN contacted KEO and was advised that it was not his signature on the Safekeeping Receipts. KEO advised that the safekeeping receipts with the name KEVIN KEON were not received or reviewed by WELLS FARGO. KEO advised EPSTEIN that WMACGL was currently under investigation by WELLS FARGO regarding other questionable conduct.

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After finding out this information EPSTEIN was angry and contacted ZIMMERMAN. EPSTEIN confronted ZIMMERMAN with the forged Safekeeping Receipts and informed him that the deal was off. EPSTEIN also wrote a letter to the Bankruptcy Court in Delaware detailing the chain of events concerning the \$15 million bridge loan.

EPSTEIN stated that he never had a conversation with ZIMMERMAN'S associates, JAY PHILLIP PARKER or JAMES P. WHITTIER. Various faxes that were received by EPSTEIN from LANDTEL had WHITTIER'S or PARKER'S name on them. EPSTEIN never spoke with MARK WILLIAMS or anyone at WMACGL. All of EPSTEIN'S dealings regarding the bridge loan were with ZIMMERMAN. Approximately two weeks ago EPSTEIN'S secretary received a call from a JOHN MACARI. MACARI was very aggressive and pushy on the phone and demanded that he speak with EPSTEIN. The secretary was very upset with MACARI'S conduct on the phone but would not connect him with EPSTEIN. EPSTEIN has not returned the call to MACARI and does not intend to ever return the call.

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