

**OPERATING AGREEMENT  
OF  
SOUTHERN FINANCIAL, LLC  
A U.S. Virgin Islands Limited Liability Company**

THIS OPERATING AGREEMENT (this "Agreement") is made and entered into as of February 26, 2013, by Southern Trust Company, Inc. (hereinafter referred to as "Sole Member"), with a business address is 6100 Red Hook Quarter, B3, St. Thomas, U.S. Virgin Islands 00802, and which hereby forms Southern Financial, LLC, a U.S. Virgin Islands Limited Liability Company (the "Company") pursuant to the U.S. Virgin Islands Uniform Limited Liability Company Act (the "Act") upon the following terms and conditions:

**SECTION I  
ORGANIZATION & FORMATION**

A. Formation. The Company has been organized as a U.S. Virgin Islands Limited Liability Company under and pursuant to the U.S. Virgin Islands Limited Liability Company Act (the "Act") by the filing of Articles of Organization ("Articles") with the Office of the Lieutenant Governor, on February 25, 2013, as required by the Act.

B. Name. The name of the Company shall be "Southern Financial, LLC". The Company upon proper notice and filing with the Office of the Lieutenant Governor of the U.S. Virgin Islands may conduct its business under one or more assumed names.

C. Purposes. The purpose of the Company is to operate any lawful business or to effectuate any purpose permitted by the law of the territory of the U.S. Virgin Islands. The Company shall have all the powers necessary or convenient to affect any purpose for which it is formed, including all powers granted by the Act.

D. Duration. The Company shall continue in existence perpetually, beginning on the date of filing of the Articles, unless terminated by law or dissolved and terminated.

E. Registered Office and Resident Agent and Place of Business. The Registered Office and Resident Agent of the Company for service of process within the territory shall be: Business Basics VI, LLC, 9100 Port of Sale Mall, Suite 15, St. Thomas, U.S. Virgin Islands 00802. The Company's principal place of business is 6100 Red Hook Quarter, B3, St. Thomas, U.S. Virgin Islands 00802 or such other place or places as the Sole Member may hereafter determine.

**SECTION II  
CAPITAL STRUCTURE: MEMBERSHIP UNITS AND  
CONTRIBUTIONS/TRANSFER OF MEMBERSHIP UNITS**

A. Capital Contribution by the Sole Member: Initial Issuance. The Sole Member's ownership rights in the Company shall be reflected in "Membership Units", as recorded in the Company's records. Upon the formation of the Company, the Sole Member shall make a capital contribution to the capital of the Company in the amount of cash, or of the property-in-kind, or both,

set forth opposite the Sole Member's name on the Schedule of Capital Contributions attached hereto. The Company shall thereupon issue to the Sole Member that number and class of Units so subscribed and contributed for. The Sole Member may make additional capital contributions at any time and in any amount that it may desire.

B. Transfer of Membership Units. The Sole Member may transfer any or all of its Membership Units to any person or persons, at any time and from time to time. Subject to the provisions of this Section, the Sole Member may assign its Membership Interest in the Company in whole or in part. The assignment of a Membership Interest does not itself entitle the assignee to participate in the management and affairs of the Company or to become a member. Such assignee is only entitled to receive, to the extent assigned, the distributions the assigning Sole Member would otherwise be entitled to, and such assignee shall only become an assignee of a Membership Interest and not a substituted member. An assignee of a membership interest shall be admitted as a substitute member and shall be entitled to all the rights and powers of the assignor only if all the members consent. If admitted, the substitute member, has to the extent assigned, all of the rights and powers, and is subject to all of the restrictions and liabilities of the members.

C. No Interest; No Return of Capital. Capital contributions to the Company shall not earn interest, except as otherwise expressly provided for in this Agreement. Except as otherwise provided in this Agreement, the Sole Member shall not be entitled to withdraw, or to receive a return of, a capital contribution or any portion thereof.

### SECTION III CAPITAL ACCOUNT

A. Capital Account. A capital account ("Capital Account") shall be maintained for the Sole Member, and any additional member in accordance with the provision of this Article.

1. Increases in Capital Account. The Capital Account of the members shall be increased by:

- (a) The fair market value of the members' initial capital contribution and any additional capital contributions by the members to the Company. If any property, other than cash, is contributed to or distributed by the Company, the adjustments to Capital Accounts required by Treasury Regulation Section 1.704-1(b)(2)(iv)(d), (e), (f) and (g) and Section 1.704-1(b)(4)(I) shall be made.
- (b) The members' share of the increase in the tax basis of Company property, if any, arising out of the recapture of any tax credit.
- (c) Allocations to the members of Profit.
- (d) Company income or gain (including income and gain exempt from income taxation) as provided under this Agreement, or otherwise by Regulation Section 1.704-1(b)(2)(iv).

(e) The amount of Company liabilities that are assumed by the members.

2. Decreases in Capital Account. The Capital Account of the members shall be decreased by:

(a) The amount of money distributed to the members by the Company pursuant to any provision of this Agreement.

(b) The fair market value of property distributed to the members by the Company (net of liabilities secured by such distributed property that such members are considered to assume or take subject to under Code Section 752).

(c) Allocations to the members of Losses.

(d) Allocations to the members of deductions, expenses, Nonrecourse Deductions and net losses allocated to it pursuant to this Agreement, and the members' share of Company expenditures which are neither deductible nor properly chargeable to Capital Accounts under Code Section 705(a)(2)(B) or are treated as such expenditures under Treasury Regulation Section 1.704-1(b)(2)(iv)(i). "Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulation Section 1.704-2.

(e) The amount of any liabilities of the members that are assumed by the Company.

#### **SECTION IV** **ALLOCATIONS AND DISTRIBUTIONS.**

A. Allocations. For purposes of maintaining the Sole Member's Capital Account, all of the Company's net profits, net losses, expenses and other items of income, gain, loss, and credit shall be allocated to the Sole Member. All items of Company taxable income, gain, loss, deduction, and credit recognized or allowable for Federal income tax purposes shall be allocated and credited or charged to the Sole Member.

B. Distributions. Net cash flow shall be distributed in the following priority,

1. First, to the Sole Member in repayment of any advance of funds to the Company as a lender, to the extent of and in proportion to such advances, including interest thereon, if any;

2. Additional distributions, if any will be made to the Sole Member, in such amounts and at such times as determined by the Sole Member.

C. Distribution upon Liquidation of the Company.

1. At the termination of the Company and after the Company has satisfied or provided for the satisfaction of all the Company's debts and other obligations, the Company's assets will be distributed in cash to the Sole Member and any dissociated members whose interests have not been previously redeemed first, in discharge of their respective capital interests; and then, in proportion to the Membership Units.

2. If the Company lacks sufficient assets to make the distributions described in the foregoing paragraph, the Company will make distributions in proportion to the amount of the respective capital interest of the Sole Member and any dissociated members whose interests have not been previously redeemed.

**SECTION V**  
**MANAGEMENT OF BUSINESS**

A. In General. The Company shall be manager-managed. Jeffrey Epstein shall be the initial manager of the Company. The manager shall manage the business and affairs of the Company and shall have full and complete authority, power and discretion to do all things necessary or convenient to manage, control and carry out the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

B. Voting of Membership Units. A Membership Unit is entitled to be voted only if it is owned by a member and each such Membership Unit shall be entitled to one vote. Neither an assignee nor a transferee may vote a Membership Unit unless such assignee or transferee is admitted as a member.

**SECTION VI**  
**EXCULPATION OF LIABILITY: INDEMNIFICATION**

A. Exculpation of Liability. Unless otherwise provided by law or expressly assumed, the Sole Member shall not be personally liable for the acts, debts or liabilities of the Company.

B. Indemnification.

1. Except as otherwise provided in this Section, the Company shall indemnify the manager of the Company and may indemnify any employee or agent of the Company who was or is a party or is threatened to be made a party to a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Company, by reason of the fact that such person is or was a member, employee or agent of the Company against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit or proceeding, if the person acted in good faith, with the care an ordinarily prudent

person in a like position would exercise under similar circumstances, and in a manner that such person reasonably believed to be in the best interests of the Company and with respect to a criminal action or proceeding, if such person had no reasonable cause to believe such person's conduct was unlawful.

2. To the extent that any manager, member, employee or agent of the Company has been successful on the merits or otherwise in defense of an action, suit or proceeding or in defense of any claim, issue or other matter in the action, suit or proceeding, such person shall be indemnified against actual and reasonable expenses, including attorneys' fees, incurred by such person in connection with the action, suit or proceeding and any action, suit or proceeding brought to enforce the mandatory indemnification provided herein.

3. Any indemnification permitted under this Section, unless ordered by a court, shall be made by the Company only as authorized in the specific case upon a determination that the indemnification is proper under the circumstances because the person to be indemnified has met the applicable standard of conduct and upon an evaluation of the reasonableness of expenses and amounts paid in settlement. This determination and evaluation shall be made by a majority vote of the members who are not parties or threatened to be made parties to the action, suit or proceeding (except in the event that there are no members other than the Sole Member, in which event the determination and evaluation shall be made by the Sole Member, regardless of whether or not Jeffrey Epstein is a party or threatened to be made a party to the action, suit or proceeding).

## **SECTION VII** **LIQUIDATION**

The Company shall be dissolved, and shall terminate and wind up its affairs, upon the determination of the Sole Member to do so.

## **SECTION VIII** **MISCELLANEOUS PROVISIONS**

A. Section Headings. The Section headings and numbers contained in this Agreement have been inserted only as a matter of convenience and for reference, and in no way shall be construed to define, limit or describe the scope or intent of any provision of this Agreement.

B. Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

C. Amendment. This Agreement may be amended or revoked at any time, in writing, with the consent of the Sole Member. No change or modification to this Agreement shall be valid unless in writing and signed by the Sole Member.

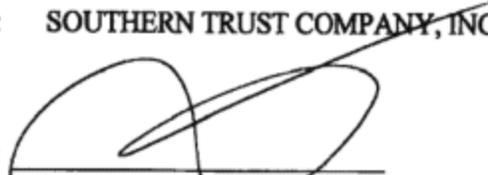
D. Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and shall inure to the benefit of the parties, and their respective distributees, heirs, successors and assigns.

E. Governing Law. Regardless of the place where this Agreement may be executed by the Sole Member, the rights and obligations of the Sole Member, and any claims and disputes relating thereto, shall be subject to and governed by, and construed and enforced in accordance with the laws of the Territory of the U.S. Virgin Islands.

IN WITNESS WHEREOF, the Sole Member makes and executes this Operating Agreement on the day and year first written above.

WITNESSETH:

By: SOUTHERN TRUST COMPANY, INC., Sole Member

By:   
Jeffrey E. Epstein, President