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Confidential
For Settlement Purposes Only
Pursuant to Rule 408

March 3, 2009

VIA FACSIMILE

Robert C. Josefsberg, Esq.
Podhurst Orseck, P.A.
City National Bank Building
25 West Flagler Street, Suite 800
Miami, FL 33130

Dear Mr. Josefsberg,

I write in response to your letter dated February 20, 2009. First, there is no merit whatsoever to your contention that Mr. Epstein has breached the Non-Prosecution Agreement, and your implication that he has is simply unsupported by the facts. As you state in that letter, the "agreement speaks for itself" and should be honored as such. My February 13, 2009 letter to you was an attempt to ensure that the portion of the Agreement concerning restitution be carried out as intended and written. Indeed, our objections to your expanded role in representing the alleged victims and to Mr. Epstein's obligations to pay fees incurred outside of the settlement context are valid. Furthermore, nowhere in the Agreement or Addendum does it state that a fee dispute or contentions as to the exact role of the attorney representative constitute a breach of that Agreement. In fact, there is a requirement that fee disputes be resolved with a special master. As I further explain below, your letter and accompanying documents, as well as the description of services performed in your invoices, lead us to believe that there has been a misunderstanding as to your role.

With your letter, you enclosed a communication from Mr. Sloman to Judge Davis dated October 25, 2007 and an additional document, presumably also from Mr. Sloman, entitled "PROPOSAL FOR PROCEEDING ONCE ATTORNEY IS SELECTED." While you refer to these documents as your "marching orders," neither document is part of the signed Agreement between Mr. Epstein and the United States Attorney's Office ("USAO"). The October 25, 2007 letter was not even addressed to you, but rather to Judge Davis, the individual responsible for selecting an appropriate attorney representative. And since the October 2007 letter was drafted, there have been several communications between Mr. Epstein's defense team and the USAO which served to further clarify the Agreement with respect the role of the attorney representative.

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Thus, this document may have contributed to the apparent misunderstanding concerning your defined responsibilities in this matter. In any case, your purported reliance on this letter raises more questions than it answers. For example, the letter clearly indicates that the parties were to "*jointly prepare* a short written submission . . . regarding the role of the attorney representative and regarding Epstein's Agreement to pay such attorney representative his or her regular customary hourly rate . . ." (emphasis added). However, you never inquired as to the existence of such a joint statement to help inform you of your defined role. Indeed, you failed to reach out to anyone on Mr. Epstein's defense team to obtain such a document.

Even though the October 2007 letter does not provide any direct instructions as to your particular responsibilities, it does quote relevant portions of the Agreement which expressly limit Mr. Epstein's obligation to pay the attorney representative. Specifically, the Agreement "shall not obligate Epstein to pay the fees and costs of contested litigation filed against him." Furthermore, the proposed instructions are represented in a document that was not agreed upon between the USAO and Mr. Epstein's defense team. Indeed, we clearly rejected the notion that (1) the selected attorney be able to fulfill any role beyond negotiating a settlement, and (2) that Epstein would pay for any services beyond those incurred while trying to reach a settlement.

While we have no objections to your representation of the relevant individuals, we believe that your role, as made clear in the Agreement, is limited to settlement negotiations. In other words, under the Agreement, if an individual wants to consider any measure beyond settlement with Mr. Epstein, she must pursue those avenues through another lawyer. Based on the language of the Agreement, it is our position that you are not responsible for pursuing your clients' claims, as you state in your letter.

Furthermore, Mr. Epstein is certainly not trying to "victimize and intimidate" anyone. The offer to settle was an earnest effort to avoid any further delay in resolving this matter. Notably, the government has expressly provided that it takes no position regarding potential claims of government witnesses.¹ Given this lack of support, Mr. Epstein's offer of \$50,000 to resolve claims that are not time-barred (as we believe [REDACTED] claim to be), without any

¹ On several occasions, USAO representatives have asserted that the government takes no position as to the claims of the individuals identified as alleged victims. For the sake of confidentiality, we will not produce the relevant documents. One such communication, however, was made in a December 6, 2007 letter from United States Attorney Acosta to myself, in which he stated that "the Office has no intention to take any position in any civil litigation arising between Mr. Epstein and any individual victim . . ."

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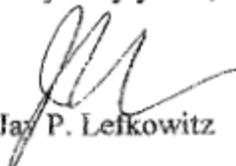
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requirement to verify the allegations made, is more than reasonable.² And while you are surely entitled to your personal opinion as to the merits of our settlement offer, we remind you that you are under an obligation to discuss our offer with your clients and to allow each one to determine whether she would like to accept such an offer. If these individuals choose to reject Mr. Epstein's offer and consider potential litigation against Mr. Epstein, another lawyer, not paid by Mr. Epstein, will have to perform that work.

I hope these matters can be resolved in an amicable manner. I would welcome the opportunity to meet with you face-to-face so that we are able to move forward. I am certain that a great deal of the confusion can be resolved through an in-person meeting. Due to the fact that there are many lawyers involved, I fear that some your past correspondence was not returned in a timely manner. I will endeavor to make certain that this does not happen again.

Very truly yours,



Jay P. Lefkowitz

² \$50,000 represents the statutory minimum under 18 U.S.C. § 2255, a constitutionally questionable statute for reasons we will not address here, at the time of the alleged conduct. This is the amount for which Mr. Epstein agreed to settle claims with the relevant individuals pursuant to the terms of the Agreement.