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September 8, 2011

VIA EMAIL ([REDACTED]) AND FEDERAL EXPRESS

Mr. Nick Lambros
Sound X
360 Northwest Highway
Barrington, IL 60010

Dear Mr. Lambros:

As you know, I represent Jeffrey Epstein and L.S.J., LLC ("Epstein"). I am writing in connection with claims they have against you regarding high-end, professional audio-visual equipment and installation services you held yourself out as being able, but failed, to provide.

You falsely held yourself out to Epstein and the representatives thereof as being a knowledgeable and experienced professional provider and installer of the highest quality audio-visual equipment for large-scale, high-end applications. Based on numerous misrepresentations you made to Epstein and such representatives regarding your knowledge of and experience with particular audio-visual equipment, you persuaded Epstein to pay you over \$135,000 for equipment (and installation) that you had never previously purchased or installed or with which you had no prior experience. On the basis of your misrepresentations, Epstein paid to fly you and John Bransky numerous times to Little St. James Island in St. Thomas and Mr. Epstein's New York property to provide professional installation services with respect to that equipment at several different sites at those properties.

You originally advised Epstein's representatives that four of your technicians would be required for the large installation on Little St. James Island. However, you sent only two technicians to perform the installation. As a result, your installation of this equipment was generally sloppy and unprofessional, and in many instances improper, so that it did not operate as specified. This required costly project delays and return trips to the properties to bring your work into conformity with even minimal standards. Moreover, much of the equipment that you recommended with the highest possible praise performs poorly and has been subsequently discovered to be of substandard and inappropriate quality for its intended high-end application. In fact, several unsatisfactory pieces have not even been installed in the multi-million dollar locations for which you recommended them.

Mr. Nick Lambros
Sound X
September 1, 2011
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Countless hours of costly and valuable time of Mr. Epstein and his paid representatives have been expended to address the many issues created by the deficiencies in your performance and equipment. To this day, not a single location operates at the level of performance and quality that you lead Mr. Epstein to believe it would. Yet, the total estimated cost to Mr. Epstein for payments to you, his representatives, travel and numerous other expenses necessitated by your failings is approximately \$200,000.

All this being said, Mr. Epstein is seeking a resolution of this matter that will avoid undue hardship on you, but at the same time provide him with some minimal recompense for the costs he has incurred. He is willing to accept a one-time payment of \$50,000 to put the matter behind you. Considering the costs he has already incurred and those he has yet to incur to correct your failures, this offer is both generous and more than reasonable. Be advised, however, that Mr. Epstein has already engaged Virgin Islands counsel which has prepared the attached complaint against you for fraud and breach of contract. Should you fail to accept Mr. Epstein's offer, Mr. Epstein will have no choice but to instruct his counsel to file this complaint to recover the full extent of his damages, including, but not limited to, punitive damages, and commence legal action against you in the Virgin Islands.

Your prompt reply is expected within seven days of the date of this letter to avoid further legal action.

This letter is without prejudice to the rights and claims of Jeffrey Epstein and L.S.J., LLC against Nick Lambros and Sound X, all of which are hereby expressly reserved.

Sincerely,



Darren K. Indyke

**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. THOMAS & ST. JOHN**

JEFFREY EPSTEIN and L.S.J., LLC,)	
)	
Plaintiffs,)	
)	CASE NO. ST-11-CV- _____
-vs-)	
)	ACTION FOR
NICK LAMBROS and AVLCL, LLC)	BREACH OF CONTRACT AND
d/b/a SOUND X,)	FRAUD
)	
Defendants.)	JURY TRIAL DEMANDED

COMPLAINT

COME NOW, the Plaintiffs, Jeffrey Epstein and L.S.J., LLC, by and through their undersigned counsel, Hodge & Francois, and as and for their complaint against the Defendants, Nick Lambros and AVLCL, LLC, state the following:

1. The Plaintiff, Jeffrey Epstein (“Epstein”), is a resident of the United States Virgin Islands and is the sole member of L.S.J., LLC.
2. The Plaintiff, L.S.J., LLC (“LSJ”), is a limited liability company organized under the laws of the State of Delaware, is the owner of Little St. James Island located off the coast of St. Thomas, United States Virgin Islands and maintains its principal address in the United States Virgin Islands.
3. Upon information and belief, Nick Lambros is an adult resident of the State of Illinois.
4. Upon information and belief, AVLCL, LLC d/b/a Sound X (“Sound X”) is a limited liability company owned and controlled by Nick Lambros and organized in the State of

Illinois, which is represents itself to be engaged in the business of providing and installing the highest quality audio visual systems throughout the United States and its territories.

5. This Court has subject matter jurisdiction over this civil action pursuant to V.I. Code Ann. tit. 4, § 76(a).

6. Venue is proper in the judicial district of St. Thomas and St. John because the Plaintiffs are residents of St. Thomas, U. S. Virgin Islands, and the cause of action arose in the judicial district of St. Thomas and St. John.

Count I
Fraud

7. In or about December, 2010, based upon representations made by Nick Lambros to Epstein as to Nick Lamrbos' and Sound X's extensive knowledge and experience in the selection, purchasing and installation of state of the art audio-visual equipment for large-scale, high-end, luxury venues, Plaintiffs hired Nick Lambros and Sound X (collectively hereinafter referred to as "Lambros") to recommend, select, purchase and install high quality, state-of-the-art audio-visual equipment for installation at multiple locations in a large-scale, multi-structure, multi-million dollar residence on Little Saint James Island located in the U. S. Virgin Islands, as well as a luxury townhouse in New York City.

8. Based upon representations made by Lambros, Plaintiffs paid Lambros over one Hundred Thirty Five Thousand Dollars to provide to Plaintiffs and install equipment (the "Equipment") of makes and models that Nick Lambros represented that Lambros had sold and installed several times previously and with which Nick Lambros represented that Lambros was entirely familiar. In fact, Lambros was unfamiliar with the Equipment Lambros sold to Plaintiffs and had no experience with the installation of the same.

9. Based upon representations made by Lambros, Plaintiffs paid to fly Nick Lambros and another technician, John Bransky, numerous times to Plaintiffs' properties on Little Saint James Island and in New York City to provide installation services for the Equipment that was represented by Nick Lambros to be state of the art audio-visual equipment, but was in fact substandard equipment that was unfit for its intended purposes.

10. In order to induce Plaintiffs to enter into a contract with Lambros and advance funds to Lambros, Nick Lambros falsely represented to Plaintiffs that Lambros had expertise with the quality, operation and installation of the Equipment and with installations at multiple locations in a large-scale, multi-structure, high-end residences. Nick Lambros made the foregoing representations with the intent that such statements be acted upon.

11. In order to induce Plaintiffs to enter into a contract with Lambros and advance funds to Lambros, Nick Lambros falsely represented to Plaintiffs that he had had sold and installed several times previously equipment of the same makes and models as the Equipment sold to Plaintiffs when, in fact, Lambros had no experience with the installation of the same. Nick Lambros made the foregoing representations with the intent that such statements be acted upon.

12. In reasonable reliance upon the false misrepresentations made by Nick Lambros, Plaintiffs hired Nick Lambros and Sound X to provide and install the Equipment, falsely represented to be high quality, state-of-the-art audio-visual equipment, for installation at multiple locations in a large-scale, multi-structure, multi-million dollar residence on Little Saint James Island located in the U. S. Virgin Islands, as well as a luxury townhouse in New York City.

13. The Equipment and the installation thereof by Lambros were substandard, improper, unprofessional and unfit for their intended purposes. A portion of the unfit equipment which Lambros persuaded Plaintiffs to purchase was never installed.

14. As a direct and proximate result of the material misrepresentations made by Nick Lambros to Plaintiffs, the Plaintiffs incurred damages that include but are not limited to: (a) the money advanced to Lambros for the purchase and installation of the Equipment which Nick Lambros induced Plaintiffs to purchase from Lambros; (b) the expenses incurred to fly Nick Lambros and John Bransky, another representative of Lambros, from Illinois to the installation sites on Little Saint James Island and New York City; (c) the expenses incurred to fly Plaintiffs' representatives to meet with Nick Lambros at the installation sites; (d) any and all of the expenses incurred to correct the deficiencies in Lambros' performance and the Equipment.

15. The material misrepresentation made by Nick Lambros to induce Plaintiffs to hire the Defendants were deliberate and intentional warranting the imposition of punitive damages against the Defendants, jointly and severally.

COUNT II
BREACH OF CONTRACT

16. Plaintiffs repeat and reallege paragraphs 1 through 15 as though fully set forth herein.

17. Lambros' failure to perform Lambros' obligations under the agreement with Plaintiffs has caused Plaintiffs to spend additional money to correct the deficiencies in Lambros' performance and equipment.

18. As a result of Lambros' breach of Lambros' agreement with Plaintiffs, Plaintiffs have suffered damages including but not limited to all sums advanced to Lambros, the cost to

properly complete the audio visual equipment installation on Little St. James Island and New York City, travel expenses to fly Nick Lambros, John Bransky and Plaintiffs' representatives to Little Saint James Island and New York City; all in an amount to be proven at trial, including but not limited to attorney's fees and costs and prejudgment and post judgment interest.

WHEREFORE, Plaintiffs Jeffrey Epstein and L.S.J., LLC request relief and Judgment as follows:

- (1) Entry of judgment against the Defendants, jointly and severally, awarding Plaintiffs compensatory damages in an amount to be proven at trial;
- (2) Entry of judgment in favor of the Plaintiffs and against Defendants, jointly and severally, in the amount of all sums of money advanced to Defendants, all sums of money spent on travel expenses for Defendants and Plaintiffs' representatives, and all expenses incurred by Plaintiffs to obtain their benefit of the bargain as promised, plus prejudgment interest at the statutory rate to the date of judgment;
- (3) Entry of Judgment against the Defendants, jointly and severally, awarding Plaintiffs punitive damages in an amount that will deter Defendants and others similarly situated from engaging in similar wrongful conduct;
- (4) Entry of Judgment against the Defendants, jointly and severally, awarding Plaintiffs Jeffrey Epstein and L.S.J., LLC their costs in this action including reasonable attorney's fees; and
- (5) Entry of Judgment awarding Plaintiffs Jeffrey Epstein and L.S.J., LLC such other and further relief as this Court may deem just, proper and reasonable.

Respectfully submitted,

Dated:

Denise Francois, Esquire
V.I. Bar Association #285
HODGE & FRANCOIS
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St. Thomas, VI 00802
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