PLEASE READ CAREFULLY, and hopefully in the sprit in which it was sent

Our friendship is intact and solid, though, I must admit, it has taken a hit.

Mark was here this morning; we talked Athene, Montauk Rothschild. Planes boats etc. Any of the proposed transactions are extremely complex. Intl, insurance, sec, corp income. And to do it properly would take a great deal of my personal time. I do not know how, and even, if I should proceed -. After months of hearing that you would have no problem paying a large fee- if only you could ascertain "value". The transaction just completed. Was just such a transaction. One of immense value to you and your family, .One in which you made over 600 million dollars -after tax. It was declared, bullet proof by your own attnys, and even if you choose to discount it for its future realization, it made no less than 300 million in today's real dollars. For some reason you decided to ignore our agreements, verbal written and emailed -and at the very last minute, after the deal was virtually complete. decided that it was only worth 8 million dollars. (Assuming phaidon -Richard happens. there is a 24 m savings - 12 mine. not even including artspace and the debt write- down that is sure to happen.

IMPORTANT NOTE:

: the phaidon transaction, as currently contemplated will not work. WILL NOT !!.. (BTW- in addition for some reason you left the 30 million outstanding that I had said should only happen if it was for my additional fee and not used for non- biz purposes and certainly not art. We can talk about this more tomorrow/.

When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that I thought it was a very bad idea, in that I greatly preferred to have no financial interactions. I don't have many friends and didn't want money in any way to interfere with our unique relationship. You said as that friend I had an obligation TO help. - You were right.

Reminder,

From 07 – 2013 you had the kind, but very goofy Eileen Alexanderson as the sole manager of your massive accounting, legal, investments. Reporting trusts and tax advice. Etc. When I first told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth ". With regard Brad Wechsler, there has never been a " both sides. ". I have consistently maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role, promising him a position to manage mirage investments I sent you a note saying that instead of hiring him you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad, not me, was tasked with hiring new people, according to his biz school org chart. (Nauseating) and as you wanted him to take ownership of his future staff, he conducted many interviews alone. You may recall, that as late as May, you told him in my presence that though six months had passed he had still not hired anyone. Since then I have rectified serious errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions - errors in the millions on the returns. Corrected numerous cash flow statements prepared by Brad and his team. (Still not right)
I helped prepare the originally flawed financial statements. Reviewed the proposed new grats first at 22 and then at 19 that were done without my consultation and were "resolved " solely as a result of my last minute intervention.
Sorry but;

In June and then again Sept, we both agreed to a 50% of phaidon payout initially projected at 20m. But less, when artspace and debt were taken out, - then only after weeks, when you delayed any detailed discussion of money wanting to give the issue a thoughtful response (which I fully understand). You unilaterally changed our agreement. 5m would be reserved for the future? . And out of the remaining 15m, I would now receive only a third. ? (Note: as I mentioned, I'm confident that both the debt, and the art space investment will also lead to another 10 million) In my dining room, you were surprised when I said that I require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies are implemented. You may recall that you appeared offended and said " are you suggesting that I would go back on my word " I said no, of course not! You are my closest of friends, but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay.

I include below the email I sent to you on April 15, the day I was examining your returns It laid out my understanding of the compensation agreed for a transaction of the magnitude, to the penny, of the one just completed.ie 600m When it appeared that the transaction would and could go forward I was the first to point out that our agreement would cost you too much money.

Email from April 15

---------- Forwarded message ----------
From: **Jeffrey E.** <jeevacation@gmail.com>
Date: Wed, Apr 15, 2015 at 8:59 AM
Subject:
To: Melanie Spinella <[redacted]>

1 did the Paul Weiss bill get paid??? 2. Talk to me before signing anything today important

10m paid today to gratitude America, a 501 c 3, will make last year complete. 20 million paid today FTC. 10 million July 15 5 million slept 30. , 5 million Jan 1 for all of 16. Tax savings paid at 37 percent. Of net. savings. 50 million credit. net. so 150 million free . **600 savings 225 million owed. - 50 credit. 175 owed.**

600 million!! Fyi two months later we were dealing on a daily basis with Guzzle issues and the transaction was put on the back burner.

More details

From day one I proposed to discount the fee as per our agreement to a 50 - 60 million range. An extremely fair price for all the transactions just completed. Including Phaidon. - I was never told that this was out of range. In fact, [redacted] very aware of the cash shortages that you may currently feel so alternative methods of payment. I.e. a plane, or an -in-kind payment were discussed (i.e. including keeping the aforementioned 30m portion of the fee outstanding till March), I provided, only because you specifically requested me to do so, a detailed step by step execution plan and reviewed all documents that I was given access to. (Phaidon was never forthcoming) I made many corrections. (As I said more needed on phaidon). I was then told that Alan's involvement warranted a discount. Even in the best of light, though it is beyond question that not one time in the three years of his retainer has he ever before proposed a unique idea. (Including any way to deal with the use of art, issue upon Debra's death, or even the most basic review of your largest asset by far, the BRH agreement.) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. Though no one could posit such a large amount unless they were wearing a clown suit. , The payment and our long-standing formula of 37 percent associated with the deal were known. It had both been sent in writing and spoken about on the phone numerous times, a detailed execution plan was provided. Then and only then, after the entire transaction was laid out for your group to implement, you told me that after a number of conversations with Brad Karp that a total of only 20m would be paid, (and even that was more than you originally contemplated) for both transactions. Leon - I feel it was remarkably unfair. Did brad even know of our prior agreements? ?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated, I would not be owed a dime, however, the transaction was completed and we had an agreement. My detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction had even begun, had already been heavily discounted, out of friendship. I believe your decision re only paying 20 m has frankly, left me felling quite uneasy. and colors my view about the Athene or Rothschild transaction.

On another note. to be discussed in as much detail as you like
Your family office is what you are leaving to your children that will for the first few years be their most important business asset
.
With Brad out of the office and unable to run his usual interference, the level of his total and utter incompetence was brought clearly, front and center. He may be a step up from Eileen, but, if he is, then it is certainly not by much; a major difference is that Eileen knew she was over her head. Brad struts his stupidity whenever he gets a chance. Even the list of things that I asked to be prepared for you, remains undone. He refused to let be prepared as it will exemplify the outrageous lack of progress and highlight the deficiencies.

A critical example. - Though you and I have spent many hours discussing the importance of attentive care and attention to details and mechanics. With regard Phaidon I was not shown one single document, not one. Brad wanted to keep it private between he, and his so called " advisors " however as he was out of the office during the most important transaction of the year, I did get to spend time with Joslin Joe and John, - the situation in your office is totally ludicrous - to summarize - the list I provided to Brad last December - of things I thought were a priority - still remains in the whole unresolved. Neither Alan nor Brad has reviewed the BRH agreement or the TRA, the two largest financial assets of your portfolio,
Alan as you estate attny should have sat you down, reviewed the BRH agreement in great detail, the Agreement amongst Principals (death is a termination of the partner). The TRA, and your will, etc. to my knowledge this has not happened. You should immediately choose your successor on the Executive Committee, this is as important as your executor.

The IT, is virtually untouched and is still in desperate need of a new system - reporting badly flawed, and both cumbersome and inaccurate. all done usually by hand as a one -off exercise, when either you or brad ask for it - airplane: re structure, (my only suggested priority in June) is really ,no further ahead then it was then , consultants up the kazoo but nothing at all done.(the office was recently told by Brad not to share the outside proposals with me - brad has no idea even as to what questions to ask. he knows little of finance, is bullshitted over by almost everyone in the office. Eileen was self aware enough to know she was over her head, that is a huge difference. Bad info is rampant a simple emblematic example- 3 million in deductions [redacted] told were taken for art space but on closer examination it turns out they cannot be used at all. (ZERO benefit) though you will be told yes they were deducted on the return they said that is the only real question you were focused on!" were they deducted or not" - correct question would have been " is there a benefit "!! I asked for the balance sheet and/or P &L for Regan arts, the basic first step in order to check your financials. "Sorry we never got one?" Though 9.8 million invested, no [redacted], nothing! a construction project run amok , no budget, the coo fired after only 3 months. , No clue. Fyi artspace financials are also a total mess. (No receivables ??). When I asked for a list of what got done and did not, I received the email from Brad basically mind you own business. So much was promised. !!!

As in your words imp one of your closest friends. . I include the following in order to be constructive

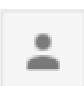
Here is a list of things I think would be in your interest to get done asp. But definitely not by me. As you have seen in the past week, a list of things that were done and still not done was refused to me, similarly a schedule d that I had asked for 6 times.

I suggest you, sit with either Alan or a new person - form new grats. , Hire a high-level tax partner. Use your trading accounts, as they remain a paramount requirement 16 months after I emailed you re their importance. The Phaidon transaction papered and structured as contemplated DOES NOT WORK, it's as simple as that. DOES NOT!! I suggest again that you re-do bank loans. No need to pay interest at higher rates on boat or plane. . As Richard is now no longer trustee. Re- do will, make suydam executor, with Barry, and john as back up. Pay 1 million a year for executor role. - Get rid of Judy Black trust, deal with gifts and their tax returns, review amounts to kids at fixed ages. Put more protections in for Alex and Victoria. , Distribute some money to kids let them make decisions. , Decide art division with children in attendance. Have fire drill done on estate. Fill out estate returns as if you and Debra died today, choose advisers Halpern has a conflict that should be addressed. A strategy of the use of art should be implemented. . You have tax consultants it consultants. Plane operation consultant. . Boat consultants. Architects, lighting, art, legal, foundation, deal with TRA, BRH , rationalize investments. Cash flow. Reporting, gaming disclosures. Foreign, gift. . Prepare tax projections for 15 and 16, deal with neg basis (tufts gain, debt financed. art partnership, and pledges. Sell stock, art, deal with phaidon debt. Athene, income, capital, foreign, exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. Control. , Qualified dividends. Corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, I still think you might consider a Rothshcild bank transaction they have 150 b and a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. We can talk about Rowen request re Athene, complex 2 billion in taxes on transaction. ?

Since you asked

From last Nov. I found 11 million dollars in dormant accounts. 4 million dollars in Eileen's drawer. Cash in your pocket. . Went through cash flows for phaidon showing that john murphy was and is not an accountant. Redid your gagosian contract, organized structure in case of divorce. Set up gift trust. Stopped ada from including multiple times things not in your interest. Dealt with bad sales tax use tax income tax. Found 8 million dollars in deductions, 500k in mistakes, found bank of Scotland fbar problems, reorg bad art purchases, funds taken, charitable decisions, dealt with erroneous fincancial statements, gaming commission. Crafted boat deductions,

Here are some questions you might ask your "team" TODAY
. Ask them to provide a balance sheet or p&l for Regan arts. .
Ask. either Wechsler or Halpern to tell you if they have read the BRH agreement or the agreement amongst principals. , Or, how the TRA works. Ask Bronstein to tell you why the proposed phaidon transaction DOES not work. No chance as contemplated. Ask them to give you a plan for the plane. ? Ask them to show you the cash mgmt. that we talked about months ago. . Ask them to show you the IT system progress after one year. Separate from making it more secure though you are not a trader with inside info the approval process for payables. . The cash flow projections? Assumptions? Ask for a comparative review of investments. Ask how you get cash with no tax? Ask halperin to describe to you in any detail the BRH consequences upon death, the major asset of his two biggest clients. Tax basis, disposition in the estate. . etc. ask brad to show you the liquidation of the intervening art space cos? that has been on the table for months. Read adas questions that are way overdue



should you choose to pay an additional amount. No compunction -be assured our friendship is unaffected if you don't - I sent an invoice for 35 m the last day of the year. so I can have it as 2015 income. And will work with you as to how to pay it -what and when. FYI I find this terribly awkward.