

THIS SETTLEMENT AGREEMENT AND RELEASE ("Agreement") is entered into as of this 30th day of December, 2010 (the "Effective Date"), by and among Juan Pablo Molyneux ("JP"), ■ Molyneux Studio, Ltd. ("Studio", and together with JP, "Molyneux,") L.S.J., LLC ("LSJ") and Jeffrey Epstein ("Epstein", and together with Molyneux and LSJ, the "Parties").

WHEREAS, disputes have arisen between Molyneux and Studio, on the one hand, and LSJ and Epstein, on the other hand, relating to, among other things, payments and deliverables in connection with design and related services by Molyneux for LSJ and/or Epstein with respect to Little St. James Island and other properties beneficially owned by Epstein (the "Disputes"); and

WHEREAS, the Parties are parties to a lawsuit now pending before the District Court of the Virgin Islands, Division of St. Thomas and St. John, under Case No. 3:10-cv-00034 (the "Lawsuit"); and

WHEREAS, the parties hereto desire to settle all Disputes and the Lawsuit as provided in this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements, promises and other provisions contained herein, the Parties, intending to be bound, hereby agree as follows:

1. The Parties agree to settle the Disputes and the Lawsuit, upon, subject to and in accordance with the provisions of this Agreement.

2. Molyneux shall pay Epstein Five Hundred Thousand Dollars (\$500,000) (the "Settlement Sum") by wire transfer of that amount, to the account designated in writing by Epstein to Molyneux's counsel upon the execution of this Agreement, on the following schedule:

(a) One Hundred Twenty Five Thousand Dollars (\$125,000) within five business days after the Effective Date ;

(b) One Hundred Twenty Five Thousand Dollars (\$125,000) within thirty-five (35) days after the Effective Date;

(c) One Hundred Twenty Five Thousand Dollars (\$125,000) within sixty-five (65) days after the Effective Date; and

(d) One Hundred Twenty Five Thousand Dollars (\$125,000) within ninety-five (95) days after the Effective Date.

Upon full payment of the Settlement Sum, all claims that are, were, or could have been asserted in connection with the Disputes and the Lawsuit shall be released and extinguished, except for claims to enforce the provisions of this Agreement or the Office Design Agreement of even date herewith among the Parties (the "Office Design Agreement"). It is expressly acknowledged that the Office Design Agreement provides its own remedies for any breach thereof, shall not affect the release

provisions in this Agreement, and may not be argued, construed or treated as an inducement to the execution of this Agreement.

3. (a) Epstein and LSJ and each of their successors, assigns, principals, heirs, executors and administrators (collectively, the "Epstein Releasers") hereby fully and irrevocably release each of JP and Studio, and each of their successors, assigns, principals, heirs, executors, and administrators (collectively, the "Molyneux Releasees"), of and from any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, costs, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, whether direct, derivative, individual, representative, legal, equitable, or of any type, or in any other capacity, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law, for, upon or by reason of any matter, cause, or thing whatsoever in any way relating to, involving, referring to, arising out of, or based upon, directly or indirectly, any actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters or things whatsoever, or any series thereof, existing or occurring on or prior to the date hereof (hereinafter referred to as "Claims"), including without limitation those

Claims relating in any way to the Disputes or the Lawsuit. Anything to the contrary in this Section 3(a) notwithstanding, nothing herein shall release the Molyneux Releasees from any of their respective joint or several obligations under this Agreement or the Office Design Agreement, and nothing provided herein shall release Jean Pierre Fancelli, Fancelli Paneling, Inc., Fancelli Studios, Atelier Fancelli, or any entity affiliated or otherwise associated with any such Fancelli entity (collectively, the "Fancelli Group"), from any Claims whatsoever.

(b) JP and Studio and each of their successors, assigns, principals heirs, executors and administrators (collectively, the "Molyneux Releasers") hereby fully and irrevocably release each of Epstein and LSJ, and each of their successors, assigns, principals, heirs, executors, and administrators (collectively, the "Epstein Releasees"), of and from any and all manner of Claims, including without limitation those Claims relating in any way to the Disputes or the Lawsuit. Anything to the contrary in this Section 3(b) notwithstanding, nothing herein shall release the Epstein Releasees from any of their respective joint or several obligations under this Agreement or the Office Design Agreement.

4. (a) The Epstein Releasers expressly covenant not to sue or initiate, prosecute, participate in or otherwise pursue any claim or cause of action against the Molyneux Releasees arising out of or relating to any action as to which a release has been given pursuant to this Agreement; provided, however, that nothing provided herein shall preclude, prohibit or otherwise restrict any of the Epstein

Releasors from suing, initiating, prosecuting, participating in, maintaining or otherwise pursuing any claim or cause of action against any one or more persons or entities of the Fancelli Group. It is expressly acknowledged that this covenant not to sue is a material inducement for Molyneux to enter into this Agreement.

(b) The Molyneux Releasors expressly covenant not to sue or initiate, prosecute, participate in or otherwise pursue any claim or cause of action against the Epstein Releasees arising out of or relating to any action as to which a release has been given pursuant to this Agreement. It is expressly acknowledged that this covenant not to sue is a material inducement for Epstein and LSJ to enter into this agreement.

(c) LSJ and Epstein agree that the Molyneux Releases shall not be liable to Epstein and/or LSJ for, and Epstein and/or LSJ shall not seek to enforce against the Molyneux Releasees, any judgment which may be rendered in favor of any party by a court of competent jurisdiction against any of the Molyneux Releasees in any action, suit or proceeding heretofore or hereafter brought by Epstein and/or LSJ against Fancelli Studios, Fancelli Paneling, Inc., Atelier Fancelli, or any entity affiliated or otherwise associated with any such Fancelli entity, relating to the fabrication, delivery, installation, and/or completion of any and all of the woodwork, hardware, staining and finishing of the cabinetry, entry doors, bookcases, bookshelves, columns,

cornices, wood paneling, sliding window shutters, and related millwork delivered and installed in the library of the office pavilion structure located on Little St. James Island in the United States Virgin Islands; it being understood and agreed that no claims which may be asserted by any such Fancelli entity, in any forum and however denominated, in any way arising out of any aspect of the work referred to above in this Subparagraph (b), or related to the Claims, or the Disputes or the Lawsuits, against any Molyneux Releasee for contribution, indemnification, or apportionment of liability on account of any claim asserted or judgment rendered against any such Fancelli entity in such action, suit or proceeding, shall require any Molyneux Releasee to make any payment to any Fancelli entity, regardless of any finding or apportionment of liability; and it being further understood and agreed that no claims or defenses which may be asserted by any such Fancelli entity against any Molyneux Releasee or any Epstein Releasee shall require any Epstein Releasee to make any payment to any Molyneux Releasee. Nothing provided in this Agreement shall, or shall be interpreted to, release or in any way limit the liability to Epstein and/or LSJ of any such Fancelli entity for any Claims heretofore or hereafter asserted by Epstein and/or LSJ against any such Fancelli entity in any action, suit or proceeding.

5. The Parties agree to promptly request the Court presiding over the Lawsuit to dismiss the Lawsuit with prejudice and without costs as to any Party thereto, and to execute and deliver to each other and file with such Court any and all

such documents as are reasonably necessary to effectuate such dismissal with such Court. Each of the Parties further agrees to execute and deliver such further documents and take such further action as any of the Parties may reasonably request to effectuate the purposes of this Agreement.

6. By entering into this Agreement, the Parties do not intend to make, nor shall they be deemed to have made, any admission of liability of any kind whatsoever. The Parties agree that they are entering into this Agreement for the purpose of settling the Disputes and the Lawsuit and to avoid further expense with respect to the Disputes and the Lawsuit.

7. The Parties agree that the existence, terms, and consideration paid pursuant to this Agreement are strictly confidential and that this Agreement will not be filed in any court, except in proceedings to enforce this Agreement or the Office Design Agreement. No Party may reveal any facts about this Agreement or the terms of the settlement provided for herein without the prior, written consent of each of the other Parties; provided, however, that a Party may disclose the facts about this Agreement or the facts about such settlement (i) to such Party's employees, accountants and attorneys who require the same for the purpose of performing their employment duties or providing professional services to such Party; (ii) to such Party's insurers or re-insurers; (iii) as required by any law, regulation, or rule of a court or government agency; or (iv) in response to a duly authorized subpoena or court order. Before disclosing any facts about this Agreement or such settlement under provisos (i) or (ii) above, the Party making the

disclosure shall inform the receiving party of the terms of this confidentiality provision and shall take reasonable measures to ensure that the receiving party agrees not to make further disclosures of the disclosed information. At least five business days prior to disclosing any facts about this Agreement or such settlement under provisos (iii) or (iv) above (other than in connection with proceedings to enforce the provisions of this Agreement or the Office Design Agreement), to the extent permissible by law, regulation, rule of a court, court order or government agency, the Party making or asked to make the disclosure shall inform each of the other Parties of the proposed disclosure or request for information, and shall, at the request of any Party and at the cost of such requesting Party, file any disclosure or response to the request for information about the settlement or the terms of this Agreement pursuant to a motion or other formal request that the information be maintained in confidence and/or held under seal.

8. The Parties agree that the prior drafting and negotiating history of this Agreement shall not be used to construe any term of this Agreement. This Agreement has been drafted and negotiated by each Party and such Party's attorneys, and the language hereof will not be construed for or against any such Party as the principal drafter of this Agreement.

9. The individuals signing this Agreement and the Parties on whose behalf such individuals are signing hereby represent and warrant that they are

empowered and authorized to sign on behalf of and bind the Parties for whom they have signed.

10. The Parties represent and warrant that, as of the Effective Date of this Agreement, they have not assigned, conveyed, or otherwise transferred the rights to any Claims to be released pursuant to paragraphs 3(a) and 3(b) to any other person or entity, nor shall they hereafter do so.

11. Each Party agrees that this Agreement shall be binding upon the heirs, successors, and assigns of each Party.

12. Each Party represents and agrees that such Party: (i) has fully reviewed this Agreement and has had the opportunity to seek advice by independent counsel of its choosing with respect to the same; (ii) fully understands the terms of this Agreement and has entered into this Agreement voluntarily without any coercion or duress on the part of any person or entity; (iii) was given adequate time to consider all implications of this Agreement prior to entering into it; and (iv) acknowledges that this Agreement, together with the Office Design Agreement, executed as of the Effective Date of this Agreement, supersedes all prior agreements between the Parties, including but not limited to the Settlement Agreement among the Parties and Agreement for Design Services among the Parties, both dated May 15, 2009.

13. This Agreement constitutes the entire agreement among the Parties regarding the matters contained therein. Each Party acknowledges that such Party has not executed this Agreement in reliance on any representation, inducement, promise, agreement, or warranty that is not expressly contained in this Agreement.

14. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures of this Agreement transmitted by fax shall have the same effect as original signatures.

15. This Agreement may not be amended or modified except by a written instrument executed by the duly authorized representatives of all of the Parties. Any waiver of any provision hereof must be in writing and signed by the duly authorized representative of the Party to be charged with such waiver. Any such waiver shall be effective only in the specific instance and for the specific purpose for which such waiver is given. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

16. Any statements, communications or notices ("Notices") to be provided pursuant to this Agreement shall be in writing and sent by hand delivery or by

reputable overnight courier to the attention of the Parties indicated below, until such time as Notice of any change of person to be notified or change of address is forwarded to all Parties:

(a) For Epstein and LSJ:

Jeffrey Epstein
6100 Red Hook Quarter, Suite B-3
St. Thomas, USVI 00802

With a courtesy copy to:

Darren K. Indyke, Esq.

[REDACTED]
[REDACTED]
[REDACTED]

(b) For JP and Studio:

[REDACTED]
[REDACTED]

With a courtesy copy to:

Jay Goldberg, Esq.

[REDACTED]

■

[REDACTED]

[REDACTED]

[REDACTED]

17. In the event of any claimed breach, any Party claimed to have been aggrieved shall provide the other Party with fifteen (15) business days written notice and opportunity to cure. In the event of any breach by Molyneux of the payment obligations set forth at Paragraph 2 of this Agreement, that remains uncured following such notice, Epstein's sole and exclusive remedy shall be a claim for all the then unpaid portions of the Settlement Sum, including without limitation those which are not yet due and payable, which shall immediately become due and payable without further notice to Molyneux, giving credit to Molyneux for all amounts previously paid, and a claim for the costs, fees, expenses and disbursements as provided in paragraph 18 hereof incurred to enforce the provisions of this Agreement, and in no event may Epstein make any claim arising out of the Disputes or the Lawsuit. In the event of any breach by either Party of any other provisions of this Agreement, the non-breaching Party shall have such rights and remedies as are provided for by the laws of the State of New York in accordance with Paragraph 19 of this Agreement.

18. If any submission, arbitration or court proceeding relating thereto is brought by any Party to enforce the provisions of this Agreement, then the prevailing party, as determined by the person or tribunal having jurisdiction of

such dispute shall be entitled to recover its costs, fees (including, without limitation, reasonable attorney's fees), disbursements and expenses incurred in connection with such enforcement and such arbitration or proceeding.

19. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements entered into entirely within the State of New York, without regard to the principles of New York law regarding conflicts of laws.

20. Each Party agrees that any dispute arising out of or relating to this Agreement or entering into it shall be resolved by submission of such dispute to retired District Judge Hon. Thomas Moore ("Judge Moore"), telephone: 340-775-6728, thomasmoores44@earthlink.net, to be decided in such manner as Judge Moore deems appropriate, with any decision rendered by Judge Moore to have the same force and effect as an arbitration award issued in accordance with the Federal Arbitration Act; provided further that in the event that Judge Moore is unwilling or unable to so act, any such dispute shall be resolved by arbitration before the American Arbitration Association ("AAA") by a single arbitrator pursuant to the Commercial Rules, or JAMS if AAA is unavailable, with Judge Moore or the arbitrator empowered to award costs and attorney's fees to the prevailing party as provided in paragraph 18 hereof; and each party irrevocably and unconditionally submits to the exclusive jurisdiction of any court sitting in New York County over any proceeding arising out of or relating to such arbitration. It is expressly understood and agreed

that in any such submission, arbitration, or court proceeding, Molyneux shall be permitted to appear and to testify by videoconference or other electronic means from New York County, shall not be required to appear in any other forum, and shall not suffer any penalty or other adverse action as a result of not appearing in person in any such forum. Each Party agrees that service of any process, summons, notice or document in the manner provided herein for the giving of Notices shall be effective service of process for any such submission, arbitration or court proceeding relating thereto. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any such submission, arbitration or court proceeding relating thereto and any claim that any such submission, arbitration or proceeding has been brought in an inconvenient forum. Each Party agrees that a final, non-appealable judgment in any such submission, arbitration or court proceeding relating thereto shall be conclusive and binding upon such Party and may be enforced in any other courts to whose jurisdiction such Party is or may be subject, by suit upon judgment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by themselves or their duly authorized representatives, as the case may be, as of the date of the day and year first above-written.

■ MOLYNEUX STUDIO, LTD.

By: 

Juan Pablo Molyneux

President



JUAN PABLO MOLYNEUX

JEFFREY EPSTEIN

L.S.J., LLC

By: _____

JEFFREY EPSTEIN

Member

that in any such submission, arbitration, or court proceeding, Molyneux shall be permitted to appear and to testify by videoconference or other electronic means from New York County, shall not be required to appear in any other forum, and shall not suffer any penalty or other adverse action as a result of not appearing in person in any such forum. Each Party agrees that service of any process, summons, notice or document in the manner provided herein for the giving of Notices shall be effective service of process for any such submission, arbitration or court proceeding relating thereto. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any such submission, arbitration or court proceeding relating thereto and any claim that any such submission, arbitration or proceeding has been brought in an inconvenient forum. Each Party agrees that a final, non-appealable judgment in any such submission, arbitration or court proceeding relating thereto shall be conclusive and binding upon such Party and may be enforced in any other courts to whose jurisdiction such Party is or may be subject, by suit upon judgment.

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■. MOLYNEUX STUDIO, LTD.

By: _____

Juan Pablo Molyneux

President

JUAN PABLO MOLYNEUX

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

JEFFREY EPSTEIN

L.S.J., LLC

By: _____

JEFFREY EPSTEIN

Member