

JUDGE CHIN

United States District Court

SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,
Plaintiff,

SUMMONS IN A CIVIL ACTION

v.

CASE NUMBER:

JEFFREY EPSTEIN and
IVAN FISHER,

93-78307

TO: (Name and Address of Defendant)

IVAN FISHER
34 East 69th Street
New York, NY 10021

YOU ARE HEREBY SUMMONED and required to file with the Clerk of this Court and serve upon

PLAINTIFF'S ATTORNEY (name and address)

M. CHINTA GASTON
Assistant United States Attorney
100 Church Street - 1943
New York, New York 10007

an answer to the complaint which is herewith served upon you, within 60 days after service of
this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken
against you for the relief demanded in the complaint.

JAMES M. PARKISON

CLERK

[Handwritten signature of James M. Parkison]

BY DEPUTY CLERK

NOV 04 1996

DATE

MARY JO WHITE
United States Attorney
By: M. CHINTA GASTON (MG - 8392)
Assistant United States Attorney
100 Church Street -- 19th Floor
New York, New York 10007
Tel./ (212) 385-6376

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
UNITED STATES OF AMERICA, :
 :
 Plaintiff, :
 :
 - against - : COMPLAINT
 : 96 Civ.8307 (DC)
 JEFFREY E. EPSTEIN AND IVAN FISHER, :
 :
 Defendants. :
-----X

Plaintiff, the United States of America, by its attorney, Mary Jo White, United States Attorney for the Southern District of New York, for its complaint against defendants, alleges upon information and belief as follows:

1. Plaintiff, the United States of America on behalf of the Office of Foreign Missions of the Department of State ("OFM" or the "Government") is the custodian of the residence of the former Iranian Ambassador to the United Nations, which is located at 34 East 69th Street, New York, New York (the "Premises").
2. Defendant Jeffrey E. Epstein ("Epstein") is a resident of the City of New York and party to a residential lease with OFM for the Premises.
3. Defendant Ivan Fisher ("Fisher") is a resident of the City of New York and is an unapproved subtenant currently residing at the Premises.

4. This Court has jurisdiction by virtue of 28 U.S.C. § 1345 because the United States is a party.

5. Venue in this district is proper pursuant to 28 U.S.C. § 1391 because this is the district in which the defendants reside and because this is the district in which the claim arose.

6. Although the Premises belong to the Government of Iran, OFM functions as the custodian of this and other Iranian properties that have been frozen pursuant to the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C.App. § 1701(a), and applicable Executive Orders. OFM manages and leases the Premises pursuant to the terms of a license granted by the Office of Foreign Assets Control of the United States Department of Treasury under the authority of IEEPA.

7. As property of a foreign sovereign that the United States government has frozen, and now administers, in accordance with federal law, the Premises is not subject to the New York City Rent Law and Rehabilitation Law, the New York City Rent Stabilization Law, or any other state or city law or regulation.

8. On or about February 1, 1992, the OFM entered into a written lease with Epstein for use and occupancy of the Premises. A true copy of the Lease is attached as Exhibit A and is incorporated herein by reference.

9. The term of the Lease was from February 1, 1992 through January 31, 1994.

10. On or about August 28, 1992, Epstein and OFM entered into an amendment to the Lease, which, inter alia, extended the term of the Lease through January 31, 1997 (the

"Lease Amendment"). A true copy of the Lease Amendment is attached as Exhibit B and is incorporated herein by reference. The Lease Amendment was made retroactively effective to February 1, 1992.

11. The Lease requires that the Premises be occupied only by Epstein, along with his wife and children, if any, as their personal residence, and/or by Epstein's personal servants or employees.

12. The Lease also permits Epstein to have approved subtenants or assignees, but any sublet or assignment requires advance written permission from OFM.

13. Under the Lease Amendment, Epstein has a "right of first refusal" to lease the Premises again at the end of the lease term, at the then fair market rental of the Premises.

14. On or about February 1, 1992, defendant Epstein took possession of the Premises.

15. On or about January 3, 1996, Epstein vacated the Premises. Epstein did not advise OFM that he had vacated the Premises.

16. Epstein failed to make timely rent payments for February and March 1996.

11. By letter dated April 19, 1996, Epstein informed OFM, through his attorney, that he wished to sublet the Premises or assign the Lease to Ivan Fisher.

12. By letter dated April 26, 1996, the Government informed Epstein that it would not approve a sublease or assignment of the Premises to Fisher.

17. Despite the Government's refusal to approve Ivan Fisher as a subtenant, Epstein entered into a sublease for the Premises with Ivan Fisher on or about May 7, 1996 (the "Sublease"). A true copy of the Sublease is attached as Exhibit C and is incorporated herein by reference.

13. On or about May 16, 1996, a Government employee visited the premises and found that Fisher was occupying and using the Premises as his home.

14. By letter dated June 3, 1996, sent to Epstein by certified mail-return receipt requested, the Government notified Epstein that he was in default of the Lease and Lease Amendment for not occupying the Premises personally and for permitting an unapproved subtenant to occupy the Premises (the "Notice of Default"). The Notice of Default granted Epstein thirty days to cure the default. True copies of the Notice of Default and the certified mail receipt are attached as Exhibit D and incorporated herein by reference.

18. On or about July 19, 1996, a Government employee visited the Premises and confirmed that Fisher continued to occupy the Premises.

19. By letter dated August 7, 1996, sent to Epstein by certified mail-return receipt requested, the Government informed Epstein that in light of his failure to correct the default and pursuant to the terms of the Lease, the Lease would be terminated as of August 23, 1996 (the "Termination Notice"). The Termination Notice directed Epstein to have the Premises vacated and to return the keys to the OFM by August 20, 1996. True

copies of the Termination Notice and the certified mail receipt are attached as Exhibit E and incorporated herein by reference.

20. As of October 30, 1996, Epstein has not relinquished the Premises to the Government and Fisher remained in residence at the Premises.

WHEREFORE, the Government prays for a judgment against defendants Epstein and Fisher: (a) terminating the Lease and Lease Amendment; (b) awarding possession of the Premises to the Government; (c) for all unpaid use and occupancy, including use and occupancy accruing and unpaid after the date of this action; (d) for attorneys' fees and the other costs and liquidated damages specified in the lease; and (e) for such other relief as the Court deems just.

Dated: New York, New York
October 30, 1996

MARY JO WHITE
United States Attorney for the
Southern District of New York
Attorney for the Plaintiff

By:

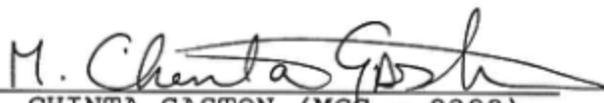

M. CHINTA GASTON (MCG - 8392)
Assistant United States Attorney
100 Church Street, 19th Floor
New York, New York 10007
Telephone: (212) 385-6376

EXHIBIT A

LEASE AGREEMENT

Landlord and Tenant agree to lease the Premises at the rent and for the term stated as follows:

Landlord: OFFICE OF FOREIGN MISSIONS
DEPARTMENT OF STATE
2201 C Street, Room 2238
Washington, D.C. 20008

Tenant: Jeffrey E. Epstein
Wexner Investment Company
34 East 69th Street
New York, New York 10022

Premises: 34 East 69th Street, New York, New York

Lease Term: 3 Years; beginning ^{February 1, 1992} ~~January 15, 1991~~ through January 31, 1994.

USE

The Premises will be occupied by: (i) Tenant, his/her spouse (if any), and his/her children (if any) as their personal residence; (ii) Tenant's personal servants and employees; and/or (iii) approved subtenants or approved assignees and their respective families, and for no other purpose.

RENT

The rent payment for each month must be paid on the first day of that month at Landlord's address set forth above. Rent received later than the tenth business day of any month must be accompanied by a late fee amounting to 2% of the rent payable for such month. Such late fee will be deemed additional rent. In no event may any amount be subtracted from it. The first month's rent is to be paid when Tenant signs this lease. If Tenant fails to pay any additional rent on time, Landlord shall have the same rights against Tenant as if it were a failure to pay rent.

Rent payments shall be made as follows:

PM
myz
The lease commencement date shall be February 1, 1992.
~~Six thousand dollars (\$6,000) shall be paid for the prorated period of January 15 through January 31 of the time the lease is signed. Twelve thousand dollars (\$12,000) per month shall be payable thereafter on the first of each month, during the first 2 years of the term of the lease. Commencing February 1, 1994, thirteen thousand dollars (\$13,000) per month shall be paid on the first of each month for the balance of the term of the lease agreement.~~

SECURITY

At the time the lease is signed the Tenant will give a security deposit to Landlord in the amount of \$12,000. If Tenant fully complies with all the terms of this lease, Landlord will return the security deposit to Tenant within fifteen (15) days after the term ends. Landlord shall place the security deposit in an interest bearing account paying the prevailing rate. Tenant shall be entitled to the interest earned on such security deposit, less one (1%) percentum of such interest which Landlord may retain for administrative costs. If Tenant does not fully comply with the terms of this lease, Landlord may, following the expiration of the applicable grace and cure periods after notice, use the security deposit to pay amounts owed by Tenant pursuant to this lease. If during the course of this lease, Landlord sells the Premises, Landlord will transfer the security deposit to the buyer and, in that event, Tenant will look to the buyer for the return of the security deposit. Tenant may not utilize the security deposit as rent and shall not apply same to the last month's rent.

UTILITIES AND SERVICE

Tenant shall pay for the following utilities and services when billed by the public utility or other third party supplying same: gas, water, electric, fuel, telephone, gardening, exterminating and trash removal. The foregoing sentence is not intended to and does not create any third party beneficiaries or any rights in anyone not a party to this lease.

An elevator maintenance service contract shall be maintained, continued and paid for by Landlord. The foregoing sentence is not intended to and does not create any third party beneficiaries or any rights in anyone not a party to this lease. Tenant shall maintain the security alarm system.

REPAIRS, ALTERATIONS

Subject to the provisions of this lease, Tenant shall keep, and at the end of the term return the Premises and all appliances, equipment, furniture, furnishings and other personal property therein clean and in good order and repair, but nothing contained herein or otherwise is intended to nor shall it: (i) create in Landlord any ownership interest in any of Tenant's Personalty; or (ii) cause Tenant to be responsible for repairing

or maintaining the structural elements or roof of the Premises or the elevator therein, all of which Landlord hereby agrees to maintain and repair. Tenant shall not be responsible for ordinary wear and tear or damage by acts of God or other similar casualties or the elements. If Tenant fails to maintain the Premises as aforesaid, Landlord may, following the expiration of the applicable grace and cure periods after notice, make such repairs and charge Tenant the reasonable cost of same.

Tenant may not alter, change or add to the Premises without the advance permission of Landlord. Landlord shall have thirty calendar days following Tenant's written request for such permissions in which to notify Tenant of any disapproval. Work which is not disapproved within that time shall be deemed approved. All permits or fees which may be required in connection with an approved request shall be at tenant expense.

All improvements done by a previous tenant indicated on the attached list entitled "Chandeliers, Sconces, Mirrors," have become the sole property of Landlord and may not be disposed of without the Landlord's written consent.

CARE OF PREMISES, GROUNDS

Tenant shall keep the grounds around the Premises neat and clean. Vehicles may be driven or parked only in driveways or in the garage.

FIRE, DAMAGE

Tenant shall give Landlord immediate notice in case of fire or other damage to the Premises. Landlord will have the right to repair the damage within a reasonable period of time or if the damage is so substantial that it cannot be repaired within a reasonable period of time, to cancel this lease. Tenant shall pay rent only to the date of the fire or damage. If Landlord does not repair the Premises within three months of date of damage Tenant shall have the right to terminate the lease.

LIABILITY

Landlord shall not be liable for loss, expense or damage to any person or property caused by Tenant, Tenant's family, guests, invitees, independent contractors or employees. Tenant is responsible for all acts of tenant, Tenant's family, employees, guests, independent contractors and invitees. Tenant shall not be responsible for damage caused by Landlord, his servants, employees, independent contractors or invitees.

ASSIGNMENT, SUBLET

Tenant may sublet all or part of the Premises, or assign this lease or permit any other person to use the Premises with the advance written permission of Landlord.

LANDLORD MAY ENTER, KEYS, SIGNS

Except in cases of life-threatening or property-threatening emergency, Landlord will give Tenant reasonable notice and will only enter the Premises at reasonable times, to examine, make repairs or alterations, or to show the Premises to possible buyers, lenders or tenants. Tenant shall give to Landlord keys to all locks. Locks may not be changed or additional locks installed without Landlord's advance consent, which consent shall not be unreasonably delayed or withheld. Doors shall be locked at all times they are not in use. Windows shall be locked when Tenant is out.

CONDEMNATION

If all of the premises is taken or condemned by a legal authority, the term hereof, and Tenant's rights hereunder, shall end as of the date the authority takes title of the Premises. If a material part of the Premises is taken, Landlord may cancel this lease on notice to Tenant setting forth a cancellation date not less than thirty (30) days from the date of the notice. If the lease is cancelled, Tenant shall deliver the Premises to Landlord on the cancellation date together with all rent due to that date. The award for any taking shall be apportioned between Landlord, who is entitled to that portion derived from the state of the Premises on the date this lease is signed (and any improvements made by Landlord) and Tenant, who is entitled to that portion derived from any improvements made by Tenant.

COMPLIANCE WITH AUTHORITIES

Tenant shall, at Tenant's cost, promptly comply with all laws, orders, rules and directions of all governmental authorities, property owners' associations, insurance carriers, Board of Fire Underwriters or similar group which are properly issued to and directed to the particular uses Tenant is making of the insurance premiums, if any, but if Tenant causes Landlord's insurance premiums to be increased, Tenant shall compensate Landlord for such additional costs.

TENANT'S DEFAULTS AND LANDLORD'S REMEDIES

A. Landlord shall give: (i) ten (10) days written notice to Tenant to cure any failure to pay rent or additional rent on time; and (ii) thirty (30) days written notice to tenant to cure: (a) an unapproved assignment of this lease, unapproved subletting of all or part of the Premises or allowing another to use the Premises without Landlord's approval; (b) unlawful conduct by Tenant or another occupant of the Premises; or (c) any other default under this lease, unless same is not susceptible to being cured within the time period set forth herein, in which event Tenant shall be entitled to a cure period equal to the time period that is necessary to cure the default provided Tenant is attempting diligently to effect such cure.

B. If Tenant fails to correct a default within the applicable period set forth above after notice, Landlord may cancel this lease by giving tenant a written ten (10) day notice stating the date the term will end. On that date the term hereof and tenant's rights in this lease shall end and Tenant shall leave Premises and give Landlord the Keys. Tenant shall continue to be responsible for rent accrued prior to such termination as well as for all other obligations that accrued under this lease prior to such termination in respect of time periods prior thereof.

C. If this lease is cancelled, Landlord may, in addition to its other remedies hereunder, remove any person or property therefrom; or (b) use dispossession, eviction or other lawsuit method to take back the Premises.

D. If the Lease is terminated as result of Tenant's default hereunder beyond all applicable grace and cure periods, Landlord may re-rent the Premises and anything in it for any term. Landlord may re-rent for a lower rent and give allowances to the new tenant. Tenant shall be responsible for Landlord's reasonable costs or re-renting.

CORRECTING TENANT'S DEFAULT

If Tenant fails to correct a default hereunder after the expiration of the applicable grace and cure period following notice, Landlord may correct it for Tenant at Tenant's expense.

CANCELLATION

In the event that diplomatic relations are re-established between the United States Government and the Government of Iran Tenant shall be given one hundred eighty days (180) written notice during the first year of the lease and one hundred twenty days (120) thereafter prior to the rent due date to vacate the premises without damage to Landlord. Otherwise, except in the cases of an uncured default by Tenant or unrepairable damage covered in the paragraphs entitled "TENANT'S DEFAULTS AND LANDLORD'S REMEDIES" Landlord will not terminate this lease.

ILLEGALITY

If any part of this lease is not legal, the rest of the lease will be unaffected; provided, however, that Tenant shall have no obligation under the lease if Landlord does not provide Tenant with use and occupancy and quiet enjoyment of the premises.

NO WAIVER

Landlord's failure to enforce any terms of this lease shall not prevent Landlord from enforcing such terms at a later time.

QUIET ENJOYMENT

Landlord agrees that if Tenant pays the rent and is not in default under this lease, Tenant may peaceably and quietly have, hold and enjoy the premises for the term of this lease.

SUCCESSORS

This lease is binding on Landlord and will inure to the benefit of all parties who lawfully succeed to the rights or take the place of Tenant.

REPRESENTATIONS, CHANGES IN LEASE

Tenant has read this lease. All promises made by Landlord are in this lease. There are no others. This lease may be changed only by an agreement in writing signed by and delivered to each party.

PARAGRAPH HEADINGS

The paragraph headings are for convenience only.

EFFECTIVE DATE

This lease is effective when Landlord delivers to Tenant a copy signed by all parties.

INSURANCE

Tenant shall be responsible for obtaining or seeing that Tenant's contractors performing the approved renovation work have adequate insurance.

TENANT'S RIGHTS IF LANDLORD SELLS

Should Landlord decide to sell the Premises, Tenant shall have a "right of first refusal" to purchase the Premises at a price commensurate with the current market value.

AUTHORITY

This lease is being entered into pursuant to the Foreign Missions Act of 1982, 22 U.S.C. 4308 (d) in that it is "entered into without regard to laws and regulations otherwise applicable to solicitation, administration, and performance of government contracts."

LANDLORD:

Harry W. Porter III

NAME: Harry W. Porter III
TITLE: Deputy Director
Office of Foreign Missions

DATE: 1/2/92

TENANT

Jeffrey E. Epstein
NAME: Jeffrey E. Epstein
TITLE: President
Wexner Investment Company

DATE: 1/2/92

EXHIBIT B

AMENDMENT

AMENDMENT NO. 1 to the Lease effective February 1, 1992 by and between Office of Foreign Missions, Department of State, as Landlord, and Jeffrey E. Epstein, as Tenant.

W I T N E S S E T H

WHEREAS, Landlord and Tenant are parties to a certain lease (the "Lease") effective as of February 1, 1992 for the use and occupancy of the premises known as 34 East 67th Street, New York, New York (the "Premises"); and

WHEREAS, Landlord and Tenant desire to modify the terms of the Lease as provided herein.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth herein, it is agreed as follows:

1. All capitalized terms used herein shall have the same meaning as such terms are given in the Lease, unless the context clearly requires otherwise.

2. Anything contained in the Lease to the contrary notwithstanding, the Lease term shall be the five (5) year period beginning on February 1, 1992 and ending on January 31, 1997; subject however, during the period commencing February 1, 1992 and terminating January 31, 1995, to the Landlord's right to terminate the Lease term pursuant to the paragraph of the Lease entitled "Cancellation" on page 6 of the Lease.

3. During the period commencing upon February 1, 1995 and throughout the remainder of the term of the Lease, the paragraph of the Lease entitled "Cancellation" on page 6 of the Lease shall be amended to read as follows:

In the event that custodial responsibility for the Premises is relinquished by the Department of State, this Lease may be terminated upon one hundred twenty (120) days written notice prior to the rent due date to vacate the Premises without damage to Landlord. Otherwise, except in the cases of an uncured default by Tenant or unreparable damage covered in the paragraph entitled "TENANT'S DEFAULTS AND LANDLORD'S REMEDIES" Landlord will not terminate this Lease.

4. The rent payable under the Lease shall be as follows:

<u>Lease Year</u>	<u>Monthly Rent</u>
February 1, 1992-January 31, 1994	\$12,000.00
February 1, 1994-January 31, 1995	13,000.00
February 1, 1995-January 31, 1996	14,000.00
February 1, 1996-January 31, 1997	15,000.00

5. Upon the termination of the Lease Term, the Tenant shall have the "right of first refusal" to release the Premises at the then fair market rental of the Premises.

6. Except as expressly amended hereunder, the Lease shall remain in full force and effect.

By: LANDLORD:
Harry W. Porter III

Name: Harry W. Porter III
(Type of Print)

Title: Acting Director

Date: August 28, 1992

TENANT:
Jeffrey E. Epstein

GPH017CC

EXHIBIT C

SUBLEASE

of the premises known as

34 EAST 69TH STREET

by and between

JEFFREY E. EPSTEIN,
as Overtenant

and

IVAN FISHER,
as Undertenant

as of
May 7, 1996

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- Schedule A Schedule of Overtenant's Improvements.

SUBLEASE AGREEMENT

SUBLEASE AGREEMENT, effective as of May 7, 1996, by and between JEFFREY E. EPSTEIN (the "Overtenant"), having an address at 358 El Brillo Way, Palm Beach, Florida 33480, and IVAN FISHER (the "Undertenant"), having an address at 34 East 69th Street, New York, New York 10021.

WITNESSETH:

WHEREAS, the Overtenant is the tenant of those certain premises known as, and located at, 34 East 69th Street, New York, New York 10021 (the "Premises"), which Overtenant leases from the Office of Foreign Missions of the Department of State of the United States of America (the "Landlord"), upon the terms and conditions set forth in a certain Lease dated January 2, 1992 by and between the Landlord, as landlord, and the Overtenant, as tenant, as amended pursuant to that certain Amendment dated August 28, 1992 by and between the Landlord and the Overtenant (the "Lease Amendment" and, together with such Lease, the "Lease Agreement"), a true and correct copy of which Lease Agreement is attached as Exhibit A to this Agreement; and

WHEREAS, the Overtenant desires to sublet the Premises to the Undertenant, and the Undertenant desires to sublet the Premises from the Overtenant, upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Lease Agreement. Except as otherwise provided herein, this Agreement is subject in all respects to the Lease Agreement, the terms and conditions of which are incorporated herein by this reference as if fully set forth herein, and subject to any other agreement to which the Lease Agreement is subject. The Undertenant acknowledges that he has read and initialed the Lease Agreement and will not violate any of the provisions therein applying to the Tenant thereunder. Except as otherwise provided herein, as between the Overtenant and the Undertenant, (a) all provisions of the Lease Agreement applying to the Overtenant shall be binding upon the Undertenant as if the Undertenant were the original Tenant under the Lease Agreement, and (b) all rights of the Landlord provided in the Lease Agreement shall be rights of the Overtenant as if the Overtenant were the original Landlord in the Lease Agreement and the Undertenant were the original Tenant in the Lease Agreement. Anything to the contrary contained in this Agreement or the Lease Agreement notwithstanding, in the event that the Undertenant commits a non-monetary breach under this Agreement or the Lease Agreement, this Agreement shall, at the option of the Overtenant, be deemed to be terminated if the Undertenant fails to cure such breach within fourteen (14) days of notice thereof from the Overtenant.

The Overtenant represents that, after the execution of this Agreement, he will not violate any provision of the Lease Agreement, except for any breach of the Lease Agreement caused by the Undertenant. The Overtenant further represents that he has paid all rent required to be paid to the Landlord under the Lease Agreement through the month of April 1996 and that, promptly after he receives from the Undertenant each month's rent from and after the month of May 1996 through the end of the "Sublease Term" (as hereinafter defined), he will pay the corresponding rent payment to the Landlord under the Lease Agreement.

All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lease Agreement. The terms, conditions and provisions of this Agreement shall supersede the Lease Agreement to the extent that such terms, conditions and provisions directly contravene those of the Lease Agreement. Notwithstanding anything to the contrary provided in the foregoing, the Undertenant shall have no right of first refusal to purchase the Premises in the event that the Landlord should decide to sell the same.

2. Overtenant's Duties. The Lease Agreement describes the Landlord's duties. The Overtenant shall not be obligated under this Agreement to perform the Landlord's duties under the Lease Agreement. If the Landlord fails to perform its duties under the Lease Agreement, the Undertenant shall give the Overtenant notice of such failure, whereupon the Overtenant shall promptly give notice to the Landlord of such failure and demand that the Landlord perform its duties under the Lease Agreement which it failed to perform. The Overtenant shall send to the Undertenant a copy of each of the Overtenant's notices of default and demands to cure to the Landlord, promptly after the Overtenant sends the same to the Landlord. In the event that the Overtenant fails to give notice of such failure to the Landlord within a reasonable period of time after the Overtenant receives notice of such failure from the Undertenant, then the Undertenant shall contact the Landlord directly and demand the Landlord's compliance. In the event that it is necessary to initiate legal action to compel the Landlord's compliance with respect to its obligations under the Lease Agreement, such legal action shall be at the sole cost and expense of the Undertenant; provided, however, that the Overtenant will cooperate with the Undertenant in all reasonable respects, including by consenting to being named as a, or the sole, party thereto, in connection with any such legal action commenced by the Undertenant.

3. Authority to Deal with Landlord. Except as provided in this Agreement, the Undertenant shall have no authority to contact, enter into agreements or make arrangements with, complain or send notices to, or otherwise deal with, the Landlord. The Undertenant shall not pay rent or other charges under this Agreement to the Landlord and shall pay all such rent and other charges directly to the Overtenant.

4. Term. The term of this Agreement shall commence on the date hereof and shall terminate on January 31, 1997, unless sooner terminated or canceled by the Overtenant as hereinafter provided or renewed or extended as hereinafter provided.

(the "Sublease Term"). As between the Overtenant and the Undertenant, the Overtenant shall have the same rights to terminate and cancel this Agreement and to cure the Undertenant's defaults under this Agreement and/or the Lease Agreement as the Landlord has to terminate or cancel the Lease Agreement and cure the defaults of the Overtenant under the Lease Agreement. In the event that the Overtenant breaches the Lease Agreement and fails to timely cure the same (as provided in the Lease Agreement), then the Undertenant shall have the right to cure such breach in order to prevent the termination of the Lease Agreement. In the event that the Undertenant cures such breach, he shall be entitled to recover all reasonable costs and expenses incurred by the Undertenant in curing the same.

In the event that the Landlord institutes legal proceedings to terminate the Lease Agreement on the grounds that this Agreement was entered into, and that the Undertenant has taken possession of the Premises, without the Landlord's approval, the Overtenant shall take all steps necessary to defend this Agreement and the Undertenant's possession of the Premises hereunder as being in compliance with the Lease Agreement. In the event that, as a result of such proceedings, the Undertenant is involuntarily dispossessed of, or otherwise forced, pursuant to a valid warrant of eviction or other order similar in effect, to vacate the Premises, then this Agreement shall be terminated as of the date of such dispossession or eviction. In the event of such dispossession or eviction, the Undertenant shall not be liable to pay the Overtenant installments of Rent for any months subsequent to the date of such dispossession or eviction, but shall remain liable for all unpaid installments of Rent for periods prior to the date of such dispossession or eviction. In the event of such a dispossession or an eviction, the Undertenant acknowledges that the Overtenant shall have no further liability to the Undertenant, under this Agreement or otherwise, in connection with the Premises, except that the Overtenant shall return to the Undertenant any portion of the Security Deposit (as hereinafter defined) due to the Undertenant in accordance with Section 6 hereof and refund a pro rata portion of the Rent installment paid for the month during which such dispossession or eviction took place, based upon the number of days remaining in such month after the date of dispossession or eviction.

5. Rent. The Undertenant shall pay the Overtenant rent for the Undertenant's use and occupancy of the Premises during the Sublease Term (excluding any extensions or renewals of the Sublease Term) in the aggregate amount of One Hundred Seventy-Seven Thousand Ninety-Six and Seventy-Seven Hundredths (\$177,096.77) Dollars (the "Rent"). The Undertenant shall pay the Overtenant the Rent in nine (9) monthly installments. The first such installment, consisting of Seventeen Thousand Ninety-Six and Seventy-Seven Hundredths (\$17,096.77) Dollars, shall be due from the Undertenant upon the execution of this Agreement. Each of the eight (8) successive installments thereafter shall be in the amount of Twenty Thousand (\$20,000) Dollars and shall be due on each of the first (1st) day of June 1996 and the first (1st) day of each of the seven successive months thereafter. In the event that this Agreement is extended as provided in Section 9 hereof, then the Undertenant shall pay the Overtenant additional rent as provided in Section 9 hereof on the first (1st) day of each month during

such extended term of this Agreement for the Undertenant's use and occupancy of the Premises during such extended term. A late fee shall be assessed against the Undertenant for each installment of Rent or additional rent, or portion thereof, which is received by the Overtenant after the tenth (10th) day of the month in which such installment of Rent or additional rent is due hereunder. Such late fee shall be equal to two (2%) percent of the installment of Rent or additional rent, or portion thereof, which was received after such tenth (10th) day and will be paid upon demand by the Overtenant. If the Undertenant fails to pay any such late fee promptly after the Overtenant makes demand for the same, then the Overtenant shall have the same rights against the Undertenant for such failure to pay as the Overtenant would have against the Undertenant in the event that the Undertenant failed to pay any installment of Rent or additional rent due under this Agreement. 400

6. Security. As security for the faithful and timely performance by the Undertenant of his obligations under, and compliance by the Undertenant with, the provisions of this Agreement and the Lease Agreement, the Undertenant shall pay the Overtenant Twenty Thousand (\$20,000) Dollars concurrently with the execution of this Agreement (the "Security Deposit"). The Overtenant shall hold and apply and/or return the Security Deposit in the same manner as the Landlord is required to hold, apply and/or return the Overtenant's security deposit pursuant to the Lease Agreement.

7. Agreements to Lease and to Pay Rent. The Overtenant shall sublet the Premises to the Undertenant, and the Undertenant shall sublet the Premises from the Overtenant, upon the terms, conditions and other provisions set forth in this Agreement. The Undertenant agrees to pay the Rent and additional rent under this Agreement and other charges required to be paid under this Agreement or the Lease Agreement and to comply with every provision of this Agreement and the Lease Agreement with which he is hereunder required to comply.

8. Successors and Assigns. This Agreement is binding upon, and shall inure to the benefit of, the parties hereto, and the permitted successors, assigns, heirs, and legal representatives thereof.

9. New Lease Agreement.

(i) The Lease Term of the Lease Agreement expires on January 31, 1997. In the event that the Lease Agreement is renewed or extended or the Landlord enters into a new lease agreement with the Overtenant or the Undertenant with respect to the use and occupancy of the Premises after the expiration of the Lease Term of the Lease Agreement (whether by passage of time, termination or cancellation), then:

(j) in the event that the Lease Agreement is extended or renewed and the rent required to be paid under the terms of the extended or renewed Lease Agreement is not in excess of Twenty Thousand (\$20,000) Dollars per month, this Agreement shall automatically be deemed to be extended for the full term of the extended or renewed Lease Agreement, and all of the provisions hereof shall equally apply to the

extension of this Agreement, except that rent charged under this Agreement for the extended term hereof shall be equal to the rent charged under the provisions of the extended or renewed Lease Agreement;

(ii) in the event that the Overtenant enters into such a new lease agreement with the Landlord and the rent required to be paid under the terms of the new lease agreement is not in excess of Twenty Thousand (\$20,000) Dollars per month, then the Overtenant and the Undertenant shall automatically be deemed to have entered into a new sublease agreement, upon the terms, conditions and provisions set forth in this Agreement, except that rent charged under the new sublease agreement shall be equal to the rent charged under the provisions of the new lease agreement; or

(iii) in the event that the Undertenant enters into such a new lease agreement with the Landlord, then at the end of the Sublease Term, the Overtenant shall have no further liability to the Undertenant, except to return any portion of the Security Deposit which was not applied in accordance with Section 6 hereof, and the Undertenant shall have no further obligations to the Overtenant under this Agreement, except for those obligations arising prior to the end of the Sublease Term and except as hereinafter set forth.

(b) In the event that the Lease Agreement is extended or renewed as aforesaid for a term of no less than three (3) years or the Landlord is ready, willing and able to enter into a new lease agreement with the Overtenant or the Undertenant with respect to the use and occupancy of the Premises for a term of no less than three (3) years after the expiration of the Lease Term of the Lease Agreement (whether by passage of time, termination or cancellation), then, promptly after the Overtenant gives the Undertenant notice of such extension, renewal or of the Landlord's being ready, willing and able to enter into the new lease agreement, the Undertenant shall pay the Overtenant the sum of Fifty-Five Thousand (\$55,000) Dollars, representing payment to the Overtenant for the Undertenant's use of improvements made by the Overtenant to the Premises; provided, however, that, if the rent required to be paid under the terms of any such renewed, extended or new lease agreement is in excess of twenty Thousand (\$20,000) Dollars per month, then the Undertenant shall have no obligation to pay such Fifty-Five Thousand (\$55,000) Dollar sum to the Overtenant, unless the Undertenant agrees nevertheless to continue to occupy the Premises during the term of such extended, renewed or new lease agreement.

(c) Unless the Undertenant obtains the Landlord's agreement to enter into a new lease agreement with the Undertenant at the end of the Lease Term, the Overtenant shall take all steps necessary to cause the Lease Agreement to be renewed or extended in accordance with the terms thereof, including, without limitation, commencing and maintaining, at the Overtenant's sole cost and expense, legal proceedings, including trial and appellate court proceedings, in a court of competent jurisdiction.

(d) In the event that the Landlord consents, during the initial Sublease Term or any extended term of this Agreement, to the Overtenant's assignment of its rights and obligations under the Lease Agreement to the Undertenant, then, upon notice given by the Overtenant to the Undertenant of such consent, the Undertenant shall be deemed to have accepted such an assignment from the Overtenant and to have assumed all of the obligations to be performed by the Overtenant thereunder from and after the date of such notice. In the event that, at any time prior to the expiration of the initial Sublease Term, such assignment and assumption takes place, the Landlord terminates the Lease Agreement and enters into a new lease agreement with the Undertenant, or the Overtenant terminates this Agreement as a result of a breach of this Agreement or the Lease Agreement by the Undertenant, then upon such assignment, the execution by the Landlord and the Undertenant of such new lease agreement, or the termination of this Agreement as a result of such breach, as the case may be, the Undertenant shall pay the Overtenant for improvements made by the Overtenant to the Premises an amount equal to the difference of (i) One Hundred Thousand (\$100,000) Dollars, less (ii) the product of \$5,000 multiplied by the number of installments of Rent which the Undertenant had already paid to the Overtenant as of the date of such assignment, execution or termination, as the case may be. From and after the date of such assignment, execution or termination, as the case may be, neither party hereto shall have any further liability to the other party hereto, under this Agreement or otherwise, except that the Undertenant shall be liable to the Overtenant for the foregoing payment and for all installments of Rent due through the date of such assignment and assumption. In the event of such assignment and assumption, the Overtenant may, at its discretion, assign the Security Deposit to the Landlord in exchange for the release of all or a portion of the security deposit of the Overtenant which is then being held by the Landlord.

10. Improvements Owned by Overtenant. The Undertenant acknowledges that all property listed on the schedule attached to the Lease Agreement which is entitled "Chandeliers, Sconces and Mirrors," all improvements listed on Schedule A attached hereto, and all hardware or other property constituting part of the alarm system for the Premises are the sole property of the Overtenant and shall not be disposed of without the Overtenant's prior written consent, which consent may be granted or withheld in the sole, absolute and unfettered discretion of the Overtenant. The Undertenant acknowledges that the Overtenant is a party to an agreement relating to the security alarm system for the Premises and agrees to assume, be bound by and fully perform the Overtenant's obligations under said agreement.

11. Assignment. The Overtenant may not assign this Agreement or its rights and obligations hereunder without the prior consent of the Undertenant, which consent shall not be unreasonably withheld. In the event that the Overtenant assigns this Agreement, then the Undertenant shall no longer be subject to the restrictions set forth in Section 3 of this Agreement relating to the Undertenant's dealing with the Landlord. The Undertenant shall not assign this Agreement or sublet the Premises without the prior consent of the Overtenant, which consent may be granted or withheld in the sole, absolute and unfettered discretion of the Overtenant.

12. Indemnification; Litigation.

(a) The Undertenant shall indemnify the Overtenant and hold the Overtenant harmless from and against any and all liabilities and losses suffered by the Overtenant (including, without limitation, amounts paid in respect of judgments or fines or in settlement of litigation and expenses, including attorney's fees, reasonably incurred by the Overtenant in connection with any pending or threatened litigation or proceeding) arising out of, relating to, or connected with, in anyway whatsoever, the Undertenant's use and occupancy of the Premises and/or the Undertenant's failure to comply with the provisions of this Agreement and/or the Lease Agreement.

(b) Notwithstanding anything to the contrary provided in this Agreement, the Overtenant shall not be deemed under any provision of this Agreement to be required to expend or incur aggregate expenses and costs (including, without limitation, attorney's fees and disbursements) in excess of Fifty Thousand (\$50,000) Dollars for, as a result of and/or in connection with all legal proceedings under, in respect of, arising out of, or relating to, this Agreement and/or the Lease Agreement. In the event that said aggregate expenses and costs of the Overtenant exceed such amount and the Overtenant desires to discontinue its participation in any such legal proceeding, the Overtenant shall not discontinue its participation in such proceeding for so long as the Undertenant pays all of the Overtenant's costs and expenses in excess of such aggregate amount.

13. Entire Agreement. This Agreement contains the entire agreement of the parties hereto concerning the subject matter hereof, and supersedes any and all prior agreements among the parties hereto concerning the subject matter hereof, which prior agreements are hereby canceled. This Agreement may only be changed, modified or amended by an agreement in writing, signed by the parties hereto.

14. Notices. All notices, requests, reports, instructions, consents and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly sent or given, if delivered by hand or certified mail, return receipt requested, postage prepaid, to the parties hereto at the following addresses (or to such other address as shall be specified by like notice, provided that notices of a change of address shall be effective only upon receipt thereof):

(a) if to the Overtenant, to:

Jeffrey E. Epstein
358 El Brillio Way
Palm Beach, Florida 33480

with a copy to:

Jeffrey A. Schantz, Esq.
J. Epstein & Company
457 Madison Avenue
4th Floor
New York, New York 10022

(b) if to the Undertenant, to:

Ivan Fisher
34 East 69th Street
New York, New York 10021

Notices delivered by hand shall be effective upon delivery, and notices sent by certified mail, return receipt requested, postage prepaid, shall be effective five days after dispatch.

15. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York applicable to contracts executed and to be fully performed therein, without giving effect to conflicts of law principals thereof.

16. Waiver. No failure or delay on the part of any party hereto in the exercise of any power, right, or privilege hereunder or under the Lease Agreement shall constitute a waiver thereof, nor shall any single or partial exercise of any such power, right and privilege constitute a further waiver thereof or of any other provision of this Agreement or the Lease Agreement. All rights and remedies existing under this Agreement and the Lease Agreement are cumulative of, and not exclusive of, any rights or remedies otherwise available.

17. Severability. Any term or provision of this Agreement or the Lease Agreement that is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement and the Lease Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement and the Lease Agreement in any other jurisdiction. The parties hereto expressly acknowledge that this Agreement and the Lease Agreement embodies their intentions. Should any part of this Agreement or the Lease Agreement be declared invalid or unenforceable, the parties hereto expressly obligate themselves to effectuate the intent of such invalid or unenforceable part of this Agreement or the Lease Agreement in a manner that is lawful and enforceable.

18. Headings. The Section headings used in this Agreement are for convenience of reference only and shall not be construed as imparting, limiting or expanding any meaning of the provisions of this Agreement which follow such headings.

19. Counterparts. For the convenience of the parties hereto, any number of counterparts of this Agreement may be executed by the parties hereto, and each such executed counterpart shall be, and shall be deemed to be, an original hereof, and all of such counterparts together shall be one and the same instrument.

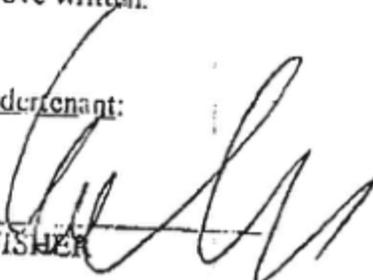
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date of the day, month and year first above written.

The Overtenant:



JEFFREY E. EPSTEIN

The Undertenant:



IVAN FISHER

SCHEDULE A

SCHEDULE OF OVERTENANT'S IMPROVEMENTS

1. The telephone system on the Premises.
2. All curtains on the Premises located in the following rooms: the living room, the dining room and the study.
3. All lighting fixtures on the Premises, except those set forth in the attachment to the Lease Agreement entitled "Chandeliers, Sconces, Mirrors."
4. All carpeting on the Premises.
5. All equipment on the Premises located in the steam room.
6. The window air conditioning units on the Premises located in the following rooms: the exercise room, the master bedroom, and the main kitchen.
7. The large refrigerator located on the Premises in the 6th floor kitchen.

EXHIBIT D



United States Department of State
Office of Foreign Missions
Washington, [REDACTED] 20520

June 3, 1996

CERTIFIED MAIL -- RETURN RECEIPT REQUESTED

Jeffrey E. Epstein
J. Epstein & Company, Inc.
The Villard House
457 Madison Avenue
New York, New York 10002

Re: 34 East 69th Street, New York, New York

Dear Mr. Epstein:

I write to inform you that you are in violation of the lease that you entered into as of February 2, 1992, as amended, with the Office of Foreign Missions of the Department of State ("OFM") for the above-referenced property (the "Lease"). The first paragraph of the Lease, which is entitled "USE," requires that premises be occupied by:

(i) Tenant, his/her spouse (if any), and his/her children (if any) as their personal residence; (ii) Tenant's personal servants and employees; and/or (iii) approved subtenants or approved assignees and their respective families and for no other purpose.

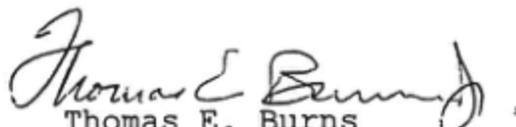
I understand that you are no longer residing at the premises. I further understand that you are permitting a Mr. Ivan Fisher to use the premises. The Lease requires that either you and your family or retinue, or an approved subtenant, occupy the premises. As you know, Mr. Fisher is not an approved subtenant under the Lease. See April 26, 1996 Letter from Thomas Burns to Jeffrey A. Schantz. Nor does Mr. Fisher appear to be your personal servant or employee. Mr. Fisher does not have OFM's permission to use the premises. Accordingly, you are in violation of the "USE" provision of the Lease.

This letter constitutes formal notice of your default under the Lease. Pursuant to the section of the Lease entitled "Tenant's Defaults and Remedies," you are entitled to thirty days to cure "an unapproved

assignment of this lease, unapproved subletting all or part of the Premises or allowing another to use the Premises without the Landlord's approval . . . or any other default under the lease."

Please cure this default immediately by having Mr. Fisher leave the premises permanently and by reoccupying the premises yourself. If you have not cured your default within thirty days after receipt of this letter, the Office of Foreign Missions will exercise its rights, as set forth in the Lease as well as under state and federal law.

Sincerely,


Thomas E. Burns
Deputy Director

cc: Mr. Jeffrey Schantz
J. Epstein & Company
The Villard House
457 Madison Avenue
New York, New York 10002

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Mr. Jeffrey E. Epstein
J. Epstein & Company, Inc.
The Villard House
457 Madison Avenue
New York, New York 10022

4a. Article Number
P 319 930 740

- 4b. Service Type
- Registered
 - Express Mail
 - Return Receipt for Merchandise
 - Certified
 - Insured
 - COD

7. Date of Delivery
6/10/96

5. Received By: (Print Name)

J. W. Doolin

6. Signature: (Addressee or Agent)

X *J. W. Doolin*

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

EXHIBIT E



United States Department of State
Office of Foreign Missions
Washington, D.C. 20520

August 7, 1996

CERTIFIED MAIL -- RETURN RECEIPT REQUESTED

Jeffrey E. Epstein
J. Epstein & Company, Inc.
The Villard House
457 Madison Avenue
New York, New York 10002

Re: 34 East 69th Street, New York, New York

Dear Mr. Epstein:

By letter dated June 3, 1996, this office issued you a formal notice of default under the terms of the lease that you entered into as of February 1, 1992, as amended, with the Office of Foreign Missions of the Department of State ("OFM") for the above referenced property (the "Lease"). As set forth in that letter, you were entitled to thirty days to cure your default by having the unapproved subtenant, Mr. Fisher, vacate the premise and by reoccupying the premises yourself.

As of July 25, 1996, however, Mr. Fisher continued to occupy the premises. I therefore regret to inform you that, in accordance with paragraph B of the Lease section entitled "Tenant's Defaults and Landlord's Remedies," the Lease will be terminated as of August 23, 1996. Please have Mr. Fisher vacate the premises on or before that date. In addition, please return all keys to the premises to OFM's Office in New York at 866 UN Plaza, Suite 265.

Sincerely

Thomas E. Burns, Jr.
Deputy Director

cc: Jeffrey A. Schantz, Esq.
J. Epstein & Company, Inc.
The Villard House
457 Madison Avenue
New York, New York 10002

EFTA00597052

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fees.

3. Article Addressed to:

Jeffrey E. Epstein
 J. Epstein + Company, Inc.
 The Villard House
 457 Madison Avenue
 NY, NY 10002

4a. Article Number

P 319-933-348

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

8/13/96

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X 

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.