

Emad Hanna

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**From:** Jeffrey Epstein [REDACTED]  
**Sent:** Friday, August 27, 2010 10:23 AM  
**To:** Gary Kerney  
**Cc:** Emad Hanna  
**Subject:** Re: TSG

pay it , sorry , i understood

On Fri, Aug 27, 2010 at 8:20 AM, Gary Kerney <[REDACTED]> wrote:  
Jeffrey

We are sitting on the TSG invoice. They do not have a Warrenty past 18 months which we have, I do not believe it's necessary for an extended warrenty as the system is very simple. I do think it is necessary for a service contract with monitoring to be in place. We have that covered.

We are ready for their installation of their equipment in the slabs about ready to pour and need to release them to go forward.

I need your approval to release payment and proceed.

Gary

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Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to [REDACTED], and destroy this communication and all copies thereof, including all attachments.

LSJ CONSTRUCTION  
Subcontractor Payout

Project: Mechanical Desal  
Trade: Water System

August 5, 2010

Requisition #03

Subcontractor TSG Technologies, Inc

Insurance expiration: March 1, 2011

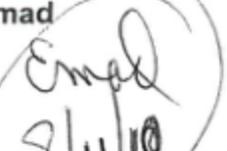
Invoice #	Requisition #03	Partial	Final
Phase #	11-200	X	

Original Contract Sum:		\$592,160.00
Change Orders Submitted & Approved:		\$0.00
New Change Orders:		\$0.00
Total Work Contracted to Date:		\$592,160.00
Total Work Completed to Date:	80%	\$473,728.00
Less Retainage:		\$0.00
Total Payments Made to Date:		\$296,080.00 ✓
Total Current Payment Due:		\$177,648.00 ✓
<b>Balance to Finish including Retainage:</b>		<b>\$118,432.00</b>

Sales Tax Liability:

- a. Subcontractor/Supplier is liable, explain **install only / tax included in contract**
- b. Non-resident Subcontractor/Supplier Bond Applicable:
- c. Use Tax to be paid by our company:
- d. Shipping **None**

Total Outlays for this contract incl. Sales or Use Tax: \$473,728.00

JEE approval attached		Invoice Attached	
YES	NO	YES	NO
	X	X	
Submitted Bill Signed:  Date: August 5, 2010		Approved by: Gary Signed:  Date: August 5, 2010	
Approved by: Emad Signed:  Date: 8/11/10		Approved by: Signed: Date:	





TSG TECHNOLOGIES, INC.



40-204-02-PR#03  
Little St. James

Customer	
Name	Little St. James, LLC
	c/o Financial Trust Company, Inc.
Address	6100 Red Hook Quarter B-3
City	St Thomas
State	USVI Zip 00802
Phone	340-779-8054
Attn:	Gary Kerney

Invoice Information	
Invoice Number	40-204-02-PR#03
Date	8/5/2010
Order No.	
TSG Contact	Bob Petersen
	Mike Malo
Phone	(340) 776-7766
Fax	(340) 774-9489

Quantity	Description	Unit Price	Extended Price
1	Pay Request #3		\$177,648.00
	<b>Payment Schedule:</b>		
	<b># Task</b>	<b>Percentage</b>	<b>Payment</b>
	1 Design Phase- NTP -1	8%	\$47,800.00
	2 Begin Procurement - NTP	42%	\$248,280.00
	3 Ready to Ship	30%	\$177,648.00
	4 Equipment on Site	10%	\$59,216.00
	5 Substantial Completion	5%	\$29,608.00
	6 Final Completion	5%	\$29,608.00
	<b>Total</b>	<b>100%</b>	<b>\$592,160.00</b>
	<b>Total per Contract:</b>		<b>\$592,160.00</b>
	<b>Less Previously Invoiced:</b>		<b>\$296,080.00</b>
	<b>Total this Invoice:</b>		<b>\$177,648.00</b>
	<b>Remaining Contract Value:</b>		<b>\$118,432.00</b>

Subtotal	\$177,648.00
Shipping and Handling	
Taxes	\$0.00
<b>Total invoice amount</b>	<b>\$177,648.00</b>

Wire information:  
TSG Technologies, Inc.  
Darby Bank and Trust



**Emad Hanna**

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**From:** Monique Harry [REDACTED]  
**Sent:** Wednesday, August 11, 2010 12:59 PM  
**To:** Emad Hanna  
**Subject:** TSG  
**Attachments:** TSG Req 3.pdf

Good Day Emad,

Attached for payment via wire TSG Technologies Inc in the amount of \$177,648.00. Project 1010 Code 11-200.

Monique

### 3.6 Taxes; Duties; Exemptions

If in accordance with Owner's direction an exemption is claimed for taxes, Owner agrees to defend, indemnify and hold Contractor (and its Subcontractors) harmless from any liability, penalty, interest, fine, tax assessment, attorneys fees or other expense or cost incurred by Contractor as a result of any action taken by Contractor ( or its Subcontractors) in accordance with Owner's direction. The Contract Price does not include any taxes, duties, fees or charges of any kind relating to the jurisdiction in which the Project is being constructed except for: (i) Gross Receipts Taxes imposed by the Territory; (ii) all taxes, duties, fees or charges of any kind levied upon or with respect to the Project in the United States and the State of Florida, and (iii) any other taxes duties, fees or charges as may be specifically additionally specified in the Contract Documents The Owner shall be solely responsible for all other taxes, duties, fees or charges of any kind levied upon or with respect to the Project, Contractor's services hereunder, or the operation of the Project.

### 3.7 Warranties

3.7.1 Contractor warrants that all materials and equipment furnished under this Agreement will be new, unless otherwise specified and, in conformance with the Contract Documents. With respect to any components or other items of equipment provided by Contractor as to which the manufacturer provides a written warranty that is permitted by the manufacturer to be passed on to the Owner, Owner shall rely solely upon said warranty; provided, however, that Contractor shall assist Owner with respect to any claim of Owner upon any such warranty, and further provided that all such warranties will be at least one year from the date of installation or 18 months from the date of shipment by the manufacturer, whichever is less. Contractor shall and does hereby assign to Owner all warranties of all Subcontractors and Suppliers of the Work. Contractor further warrants that the Work will conform to the specifications of this Agreement and will be free from defects in design, materials and workmanship for a period of one year from the date of Substantial Completion of the Work or eighteen (18) months from the date equipment is ready to ship, whichever is earlier. This warranty excludes any damage or defect caused by abuse, modifications not executed or approved in writing by Contractor, improper or insufficient maintenance, and improper operation or normal wear and tear. Owner's sole and exclusive remedy for a breach of this warranty shall be the correction of any design defect, and/or reperformance, repair or replacement of the Work or the affected materials or equipment in Contractor's reasonable discretion. Owner shall not be responsible for all costs of shipping and for all duties, taxes and costs associated with the importation and exportation of parts, materials and equipment in connection with this warranty. In order for an item to be considered under this warranty, Owner shall return to Contractor in St. Thomas the item as to which a warranty claim is being made at Owner's sole expense. If the item is covered by this warranty, Contractor shall replace or repair the item in Contractor's reasonable discretion and promptly provide the item to Owner. Any on-site labor required for the reinstallation or repair of any item covered by this warranty shall be provided by Contractor, except for the cost of transportation of materials and personnel from Red Hook in St. Thomas to Little St. James Island which shall be the responsibility of Owner. OTHER THAN AS SPECIFICALLY SET FORTH HEREIN, CONTRACTOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE WORK OR THE MATERIALS OR EQUIPMENT SUPPLIED PURSUANT TO THIS AGREEMENT; CONTRACTOR DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE; AND CONTRACTOR SHALL NOT BE LIABLE FOR ANY DAMAGES CAUSED IN CONNECTION THEREOF.

3.7.2 Contractor shall collect all written warranties and equipment manuals and deliver them to Owner, and shall also deliver the O&M Manual and provide the training in accordance with and as described in Contractor's Proposal Number 40-902-26-5, dated November 12, 2009 (the "Proposal").