

MEMORANDUM

TO: Darren Indyke
FROM: Jay Goldberg
DATE: March 25, 2010

At the time of your e-mail stating that Mr. Fancelli was not on the Island, you were --- as in so many other respects -- mistaken.

Several things are clearly beyond dispute: (1) I wrote you on March 16 that it was absolutely essential that Mr. Epstein be present on March 22 to deal with his complaints; (2) Elizabeth sent you an e-mail to the same effect on March 18 that two carpenters and two finishers (two brought from Europe and two brought from California), Mr. Fancelli, Mr. Molyneux, and his assistant would attend; (3) Mr. Epstein and Doug Schoettle had conversations with Mr. Molyneux and his office stating that they would be there on March 22; (4) While these people attended, Mr. Epstein failed to appear at the Island, this without any timely advance notice to my client.

What possible reason would Mr. Fancelli and his team and Mr. Molyneux and his assistant have to come to the Island, but to resolve any problems should any exist? And, what could account for your client's failure to appear without timely advance notice? What Mr. Fancelli was asked to do would have been a simple matter, but he believed it would not serve your interests to go forward since the room had not been readied for his work.

In light of what follows, your client runs the risk that Mr. Molyneux may declare the Design Services Agreement at an end and seek to recover damages which will include all that he has expended, on the theory that Mr. Epstein purposely frustrated the performance of the project.

There have been so many bad faith changes and delays caused by Mr. Epstein that the expenditure of time, in an effort to satisfy Mr. Epstein's unreasonable requests has made completion of the project by April 15 impossible. In every sense of the word, Mr. Epstein has frustrated the performance called for by the contract. I am truly at a loss to understand his behavior. Even though Exhibit B to the Design Services Agreement leaves certain items to the judgment of Mr. Molyneux, our client has gone the extra mile to complete the project with changes reasonably sought by Mr. Epstein. He has, without need, left choices with Mr. Epstein, provided he acted in good faith. Mr. Epstein has not so acted.

As to your complaint about the cabinetry, the cabinetry was furnished by a world-renowned craftsman. Your client is absolutely wrong that they were of poor quality. We dispute that any conduct on our part may have caused them to arrive in shoddy condition and that there was a need to repair them because they were a "mess."

Five samples reflecting possible colors of the stain were sent by Mr. Molyneux (via Mr. Fancelli) for Epstein to choose one. In a recent e-mail from Mr. Epstein, he wrote that "Gary is the only one who may approve the [color of the stain]" (as per Epstein's instructions to Mr. Kerney). While Exhibit B demonstrates that only Mr. Molyneux has approval rights, he agreed to the color of the stain satisfactory to Mr. Kerney. This was evidenced in a writing between Mr. Kerney and our client.

The problem that we discuss below was promptly raised as far back as our client's January 2010 trip. On February 5, a little more than a week after Mr. Molyneux left, Doug Schoettle wrote back as follows:

"The library building is equipped with a state of the art system to condition the air inside the building. During the installation of the paneling by Fancelli, the exterior doors have been off their hinges and wide open the humid tropical air, and also the windows have been open, allowing humid air to enter the interior room. Once the room is no longer subjected to outside air conditions the room will be conditioned."

This assured us that as of February 2010, there was not only an air conditioning system, but that the building was maintained by a dehumidifier system. The instruction panel noted a regulator for air conditioning and a regulator

for humidity. However, we noted in our January trip that there was condensation on the windows and mold on the wood paneling. We believed that this would be ameliorated by the dehumidifier and that certainly when Mr. Epstein set the date for mid-March, the room would be ready for staining by Mr. Fancelli and his team. Nonetheless, at the time that our client and Mr. Fancelli arrived in March, we continued to find mold and condensation problems within the room. Moreover, the air conditioning has not been running on a cycle, but rather on a constant flow of air which caused extreme cold temperatures.

Despite the indicated presence of a dehumidifier on the instruction panel, there was no dehumidifier. Space was left for a dehumidifier, but none was found. With no dehumidifier, the moisture content in the wood could not be controlled. When we brought the fact that there was no dehumidifier to Mr. Kerney's attention, he advised that it would take 1 month to install and 1 month for the wood to get to a normal/appropriate moisture level, so that finishing the cabinetry work in less than that amount of time was not appropriate. Mr. Fancelli believes it is essential for a proper finish that the humidity is at a level of 45%-50% and the content of the moisture of the wood is appropriate.

When Mr. Molyneux and his associate visited the Island in January, even though Mr. Epstein failed to appear, Mr. Fancelli worked to correct the original punch list created by Fancelli in June 2009. On March 10, Mr. Schoettle provided a new punch list of items that he wanted Mr. Fancelli to correct. The punch list was addressed by Mr. Fancelli and his team in March, but Mr. Schoettle was not there to verify that the work had been done.

Mr. Molyneux, relying on Exhibit B, properly refused the demand of Mr. Epstein that there be padding under the carpet and that it be installed at Mr. Molyneux's expense.

Inspection of the blackboard demonstrates that it is functioning perfectly well. Writing on it with Crayola chalk (not to be used on blackboards) -- like Mr. Epstein did -- as opposed to actual chalk, is not appropriate.

Finally, there remain crates of unpacked furniture and furnishings that may well be damaged. However, we were advised that Mr. Epstein did, at one point, unpack the furniture and furnishings and did not notify us of any problem with them. It was the understanding of the parties that at the scheduled March 2010 meeting, the furniture and furnishings would be inspected and approved. That

could not have been done when the material has been re-crated and Mr. Epstein failed to appear at the scheduled time and place.

Mr. Epstein has to know that Fancelli can not remain at his beck and call. Any rescheduling of Mr. Fancelli's presence and that of his team will have to be arranged between Mr. Molyneux and Mr. Fancelli and any expense of any subsequent trip of Mr. Fancelli and his team will have to be pre-paid by Mr. Epstein.

Prior to Mr. Fancelli's return, there will have to be certification of the following: (1) that the level of humidity in the room is appropriate and consistent; (2) that we have the measurement of humidity in the wood paneling so as to determine whether it is dry enough to receive the finishes; (3) that the instrument panel properly reflects the humidity; (4) that the current punch list will be made final by this Friday morning at the latest; (5) that the finish agreed to between Mr. Kerney and Mr. Molyneux was properly authorized by Mr. Epstein; and (6) that the furniture and furnishing will be approved by Mr. Epstein.

In addition, Mr. Epstein must pay the €22,500.00 balance due on the attached October 8, 2009 bill from Mr. Fancelli, as well as the attached \$18,618.00 bill from Mr. Fancelli for his trip to Little Saint James in May/June 2009.

As for any need that Mr. Molyneux to appear on the Island, we believe that has been satisfied by his three trips there, only to find that Epstein defaulted on his scheduled meetings.

As we have said earlier, any further misconduct on the part of Mr. Epstein will necessitate Mr. Molyneux treating the Design Services Agreement at an end and he will seek damages for the breach thereof.

I submit all of this could have been avoided and the project completed were you to take an active role in resolving these matters and not simply take the unsupported word of your client.

Please advise your client that any further communications with JPMolyneux Studio, Ltd. shall be made solely with Ms. Kristen Goff.

J. P. MOLYNEUX STUDIO LTD

ALVIN WHITE
LITTLE ST. JAMES ISLAND
6100 RED HOOK QUARTERS B3
ST. THOMAS, USVI 00802

October 28, 2009

JP MOLYNEUX STUDIO LTD
PROPOSAL NO. 60084
RE: LSJ-OFFICE

	AMOUNT	DEPOSIT
OFFICE - WOODWORKING COMPLEMENT & FILLERS	€ 45,000.00	€ 22,500.00

Facing panels for vestibule doors adjusted to existing embrasure (decorative hardware not included).

To conceal gaps between woodwork and building construction discrepancies (Large by window, 2 windows & 2 entrance doors embrasures).

Cabinet door replacement with bamboo grill doors, decorative hardware not included.

NOTE: Includes color staining and finish of the above & on site installation.

COUNTRY OF ORIGIN IS ITALY.

PLEASE NOTE THIS IS BILLED IN EUROS.

8.875% NYC Sales Tax

€	0.00	€	0.00
€	45,000.00	€	22,500.00

Payments Received: € 22,500.00

Current Deposit Due: € 0.00

Please return with the Current Deposit Due which is €0.00.

* Antiques, fabrics, furniture and fixtures require 100% deposit.
All items and fees are subject to local sales tax or VAT when applicable.
Item must be paid in full prior to completion and/or delivery.
Delivery is additional (F.O.B. Origin).

Please make your check payable to J.P. Molyneux Studio, LTD.

Or Payment via Wire:

Bank Name: Neufflize OBC Enterprises

3 Avenue Hoch, Paris, FR 75008

Beneficiary: J.P. Molyneux Studio LTD

IBAN: [REDACTED]

Swift #: [REDACTED]

ACCEPTED: _____ DATE: _____

750 LEXINGTON AVE 5th FLOOR, NEW YORK, NEW YORK 10022

FAX: [REDACTED]

EFTA00625048

September 30, 2009

INVOICE

1098

Estimate

1065 - D

Work order

Jpf email 05/09/2009

8321

Molyneux Studio
29, East 69th Street
New York, NY 10021

Job Reference:

**St. James
complements**

Attn: Aurélien Gallet:

Article	Désignation des Ouvrages	U	Qty	Amount EUROS
	Facing Panels for vestibule doors adjusted to existing embrasure. Decorative Hardware Not Included			
	Woodwork complements and fillers to conceal gaps between woodwork and building construction discrepancies. see report #10-A pictures Large bay window; 2 windows; 2 entrance doors embrasures		1	
	Cabinet door replacement with Bamboo grill doors Decorative Hardware Not Included		2	€550.00
	Total production			€12,500.00
				€13,450.00
	Color staining and finish of the above		1	€18,500.00
	On site installation		1	
	TRAVEL & LIVING EXPENSES			
	Estimated price. Le remboursement des frais de voyage et de séjour engagés pour le personnel devant se déplacer dans la limite du budget de 13000€ que nous avons calculé ; Refund of travel expenses and sojourn - food accommodation will be charged AT COST at the end of stay - estimated €13,000.00			
	TOTAL			€45,000.00

Mr. Molyneux requested to consider the options to Block shutters' cut out to create absolute darkness in the room.

Work to be performed & to schedule:

- o Wood work complement - upon approval
- o Color finish touch up

J. P. MOLYNEUX STUDIO LTD

ALVIN WHITE
LITTLE ST. JAMES ISLAND
6100 RED HOOK QUARTERS B3
ST. THOMAS, USVI 00802

March 09, 2010
Orig. Proposal No. 60090

JP MOLYNEUX STUDIO LTD
INVOICE NO. 9598
RE: LSJ-OFFICE

	AMOUNT	DEPOSIT	BALANCE DUE
MISCELLANEOUS - FANCELLI TRAVEL AND ACCOMOD	\$ 18,618.25		
May 18 - June 21,2009 Airfare, food & transportation for 4 installers: \$12,366.25			
June 17 - 24,2009 Airfare & food for Jean Pierre Fancelli: \$1,627			
May 18 - June 21,2009 Accomodations: \$4,625			
8.875% NYC Sales Tax	\$ 0.00		
Sub Total:	\$ 18,618.25	0.00	\$ 18,618.25
		Freight: \$	0.00
		Crating: \$	0.00
		Installation: \$	0.00
		Vendor Tax: \$	0.00
		Balance Due:	\$ 18,618.25

Please make your check payable to J.P. Molyneux Studio, LTD.

Or Payment via Wire:

Bank Name: JP Morgan Chase

35 East 72nd St, New York, NY 10021

Beneficiary: J.P. Molyneux Studio LTD

Account #: [REDACTED]

Routing #: [REDACTED]

Swift #: [REDACTED]