

From: Ellen Harrison [REDACTED] >
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Re: M
Date: Mon, 13 Jan 2014 14:20:08 +0000

COD is first at the entity level but is allocable to Mort.

As to when - many possibilities. Substantial modification of debt, actual forgiveness, contribution of the debt to the company, transfer of Mort's interest, to name a few.

Sent from my iPhone

On Jan 13, 2014, at 8:51 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

where and when is the COD?

On Mon, Jan 13, 2014 at 9:25 AM, Ellen Harrison <[REDACTED]> wrote:

On your question about Mort's basis in the notes, I checked with Brian and He said the notes had not been written down so I gave you bad information. Sorry.

In my opinion, your purchase of the receivables from Mort would not cure the COD issue we are worried about. Even if the sale generated a capital loss, that would not offset ordinary income from COD. However, we will continue to explore this along with other ideas

My partner is working on an accounting for the 1983 and 1996 trusts. She is still getting data. This has been in process for less than a month. I expect that it will be some time before it is done because I am told that the records prior to 2000 are limited.

SRR is appraising R&R. We are hoping, of course, that the cash flow will be sufficient to cover the preference. Since we don't have the appraisal or the preference yet we don't know whether this will be a problem. If it is, I would use debt to reduce value so cash flow would cover the preference. This is a problem under section 2701, because the common has to equal 10% of enterprise value before debt, but we will figure it out.

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On Jan 13, 2014, at 7:19 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

EH you told me that mort's basis in the 12 percent notes had been written down, can you explain, can you tell me the status of the trust accounting to date. ? you stated that Rand R was being valued, and planned to put it in a preferred partnership. ? what is the plan if the cashflow is not enough to pay the preferred. ?

On Sun, Jan 12, 2014 at 2:30 PM, Ellen Harrison <[REDACTED]> wrote:

> Hello

> I just left you a voicemail. I would like to speak with you briefly about the terms of the deal you proposed to MZ so that we can give it appropriate analysis. Could you please give me a call at [REDACTED]

or reply to this email as soon as possible? We are trying to schedule a conference call with tax advisors on Monday between 10 and 12 and it would be very helpful to have your proposal in hand by then.

> Thanks and Happy New Year.

>

> Sent from my iPhone

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Jeffrey Epstein

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