

From: Valeria Chomsky <[REDACTED]>

To: "jeffrey E." <jeevacation@gmail.com>

Subject: Fwd: taxes

Date: Sat, 01 Jul 2017 15:12:17 +0000

Attachments: Memo_on_loan-interest_for_condo.docx

----- Forwarded message -----

From: Noam Chomsky

Date: Fri, Jun 30, 2017 at 8:41 PM

Subject: Re: taxes

To: Diana

Cc: Avi Chomsky, Harry Chomsky, Valeria Chomsky

Glad to see the memo. I compared the memo with the original document, the promissory note that is the official signed agreement. The memo is in error about the promissory note. The facts are as I already described them. A few comments interspersed into the memo you sent, attached.

I don't see any point in discussions with Max and Bainco. The facts seem completely clear.

If there are other issues, I'd of course be glad to know about them.

I hope we can settle all of this quickly.

D

On Fri, Jun 30, 2017 at 1:56 PM, Diana Chomsky wrote:

As promised, please find attached a memo with information about the Marital Trust, and in particular the conditions on the loan from the Trust, which are somewhat different from what you indicated to us in your previous email.

We have thought for a long time that you have misunderstood key aspects of the financial situation. This is why we have been asking you to meet with us and with Max and Bainco. The issues discussed in this memo are only one part of the picture. We still think that the meeting we have been urging is important and could clear up other issues.

Love, Avi, Diane and Harry

From: Noam Chomsky
To: Avi Chomsky, Diana Chomsky, Harry Chomsky, Valeria Chomsky
Date: 26/06/2017 17:37
Subject: Re: taxes

We're in the process of arranging our finances with the impending sale of the apartment and the move to Tucson, and would like to clear up some unsettled questions.

In my letter to you I outlined what I have determined about the matter. In your letter you said that you think the facts about the Marital Trust and the conditions on the loan from the Marital Trust and the way the interest works are different from what I understand, and that you have different facts.

You said you were working on a memo to lay out the facts as you see them. Any progress on this? I'd like to clarify this so that we can settle just what the facts are.

D

If I'm missing some facts, basic or not, I'd of course like to be aware of them, and also of the source for them so that I can check and discover on what the picture is based. But since I haven't heard of any other facts beyond those I outlined (and more that simply fill out the same picture), I don't understand the disagreement and don't see any alternative perspective. And I don't understand the suggestion about an outside "expert." In fact, find the suggestion very strange, and would even if there were some factual basis for it. Even stranger when there is no factual basis, as far as I am aware -- and if there is, again, I'd like to know what it is and, crucially, what is the source. So far I haven't seen anything.

To review the basic facts briefly, Mommoy and I worked out the estate planning a long time ago, with Eric Menoyo and (later) Palmer Dodge when he moved there. Our general plan at that time, about 20 years ago, was for everything to go to you after the two of us died. We took for granted that M would survive me. Therefore, putting aside the trusts designated specifically for you, the rest (apart from IRAs) was put in trusts in M's name for her to access for the rest of her life. The intention, of course, was that these would be accessible to the survivor -- and we took for granted that M would survive me.

Things didn't turn out as we expected. It turned out, contrary to our assumptions, that I was the survivor, not M. And when I remarried, things changed again. Because the pension went almost entirely into M's trust, what remains of the pension is very small, actually less than Social Security. And, importantly, it doesn't go to Valeria after my death. And I have no access to the trusts, only to one IRA (and another small one).

I wasn't paying much attention, but we discovered that until last year, the one IRA to which I have access was being used to distribute money to the family, up to the legal limit, which amounts to about half the annual required withdrawals from the IRA. Furthermore, taxes and management fees for the whole estate, most of which we have no access to, were being withdrawn from our IRA, carrying us well beyond the required withdrawal. In addition there were other expenses, like Wellfleet (\$50,000 annually), Alex's annual medical bills, Max's bills, and others. That has all led to rapid depletion of the IRA -- again, the only source we have access to in the estate. We were therefore compelled to make extra withdrawals, since there is almost no other source of income and we have other regular expenses (like Anthony). The family distributions along with full taxes and management fees for the whole estate, exhausting the IRA, made no sense, but it was my fault for not paying attention and simply assuming that sensible decisions were being made. Wrongly it turns out.

The same was true of the decision to move from Lexington to the Cambridge apartment. I had assumed, mistakenly, that I owned the Lexington house, and that the sale would cover the purchase of the apartment. Turns out that that was mistaken and the three of you actually owned the house -- again, my mistake; not paying attention. We also received very poor advice. We should never have bought this apartment, which we can't possibly afford. I had assumed that the proceeds of the Lexington house would come to me when the house would be sold. Therefore, we followed Max's and Sam's advice and took out a mortgage for half the price of the apartment, and a loan from one of your trusts (that is, a trust in M's name) for the other half, in order to buy the apartment, expecting that as soon as the Lexington house sold, we would immediately pay off the mortgage and the loan. Of course, that never happened, since the house was not mine. We therefore have to deal with the mortgage and the loan.

The mortgage we have been paying it off slowly. The much bigger problem is the loan -- which, it turns out, has a substantial interest rate, so that it grows every year. We not only have to sell the apartment, which is too expensive for us, but to do so quickly, or it will never be possible to pay off the loan from the trust, which grows every year. More bad advice.

We're dealing with all of this. We've cut back our life styles to below what either Valeria or I had been used to in the past -- not poverty of course, but cutting back on lots of things. And we're making plans to accommodate to the circumstances, which we'll tell you about when they are in place.

For me, it's of course a great relief that all of you will be financially quite well off when I die. But I also want to make sure that Valeria will be able to be independent just as she was all her life. We're very happy together. Her coming into my life was not only a surprise -- I'd expected to spend my last years alone -- but also a real blessing for me. Valeria has given up quite a lot, for all the obvious reasons: family, her life in Brazil, and so on. I don't have to explain why I'm concerned about her welfare after I die.

Those are the basic facts. If there is something I'm overlooking, or unaware of, I of course would like to know about it -- and also to know the source, because it would be quite a surprise and I'd like to check. I've looked into all of these matters carefully and think I have a complete picture. This is something I'd never done in earlier years, simply placing my trust in others -- not always wisely, it turns out.

For these reasons, I don't see what the disagreement is about, and don't know what any other perspective could be based on. And I think all of this should be cleared up, as quickly as possible.

And to repeat the obvious, our relationships are unaffected. They remain what they always were: loving, caring, stable and permanent.

D

From: Noam Chomsky
To: Harry Chomsky
Cc: Avi Chomsky , Diana Chomsky
Date: 19/04/2017 14:55
Subject: Re: taxes

I'm sorry that I have not made myself clear.

You are the trustee for the marital trust, not for my assets. We are in charge of our assets. There are no mixed signals.

As I have explained, the marital trust was set up many years ago on the assumption that the funds would be available both to Carol and me, and to the survivor -- which we took for granted would be Carol, which is why it is in her name. After I appointed you as trustee a few years ago, you certainly have the legal right to determine whether funds should be available, even for partial tax payments as in this case.

I am indeed surprised, in fact shocked, that you feel that you cannot permit a small payment from the marital trust -- even less that what I was providing annually as distributions and for Alex's health care -- without insisting on some professional supervision of my financial affairs. It of course never would have occurred to

me over the years to ask for anything similar.

That is the sole issue. Nothing else. We take care of our own financial affairs, just as you do of yours. It is no one else's concern. The marital trust, and that alone, is your proper concern, since the time when I appointed you as trustee. I will not ask for anything further from the marital trust, and there is no reason for you to ask again to be involved in our financial affairs.

D

On Wed, Apr 19, 2017 at 2:00 PM, Harry Chomsky wrote:

It sounds like you are very angry about my decision yesterday, and I'm deeply sorry that it has come to this. I still hope that we can sit down at a meeting someday and resolve this. I'd like to use the funds from the marital trust to support you, but I can't do that without some understanding of your overall financial picture. If we were to meet with any professional advisor of your choosing, I'm confident we could work out a plan that ensures your long-term solvency and comfort, helps Valeria after your death, and uses the marital trust in a way that we both agree is reasonable and sustainable. It would be up to you how much detail to share with me at this meeting and how much to keep private. The more I understand your circumstances, the better I can fill my role as trustee.

You are sending me mixed signals about whether you want me involved in your financial affairs or not. Several times you've declared that your own IRA is plenty, you are managing fine without using the marital trust, and you don't want to discuss it with me anymore. But yesterday you came to me out of the blue, demanded a six-figure sum on three hours' notice, and reacted angrily when I insisted on taking time to discuss it first. You can't have it both ways. I am the trustee for part of your assets, like it or not, and you have to decide whether to include me in a genuine ongoing conversation (with professional advice) about your finances, or forgo your access to this money. I'd like to know which it is going to be. Please don't ask for further trust distributions until we have begun a conversation. I will be ready for the conversation anytime you like.

On Tue, Apr 18, 2017 at 11:18 AM, Noam Chomsky wrote:

It's hard to express my feelings about your unwillingness to permit the marital account to contribute to the taxes, or the demand for inspection and review of our financial affairs.

Hardly the pattern for many years, but we will manage on our own.

D

Oxfam works with others to overcome poverty and suffering

Oxfam GB is a member of Oxfam International and a company limited by guarantee registered in England No. 612172.

Registered office: Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY.

A registered charity in England and Wales (no 202918) and Scotland (SC 039042)