

From: Michael Faber <[REDACTED]>

To: "Jeffrey Epstein (jeevacation@gmail.com)" <jeevacation@gmail.com>

Subject: Quick Question from a 0.00001%er

Date: Fri, 05 Oct 2012 17:53:31 +0000

Importance: high

Jeffrey,

It's been a few years since we last emailed (about a family office investment), but I would like to ask a quick favor since I know you understand this subject matter very well. The Chronicle of Philanthropy asked me to write a short op-ed and, when you get a moment, I would be grateful if you would read my draft (below). I've sent it to a few similarly situated families and some of those who have signed the Giving Pledge.

As you can imagine, I've received a wide variety of feedback, so please feel free to comment liberally and critically. (My related family will not sign the Giving Pledge, for example.)

Given the expiration of the \$10 M unified exemption on December 31, the federal proposals to reduce and phase out the charitable deduction, the continued progress of Buffett/Gates to get families to donate 50% of their wealth, and the one year anniversary of the Occupy movement, it may be time to suggest something bigger and better for civil society in the U.S.

With much appreciation.

Regards,

Michael Faber
NextPoint

[REDACTED]
[REDACTED]

A Greater Giving Pledge

This was the greatest nation in the world when my great grandparents arrived into New York City harbor more than 100 years ago. Everyone, and every immigrant, knew at least one rule about America: this was the land of opportunity and freedom and you were encouraged to work and earn and accumulate enormous wealth.

By the time of the 1929 depression, my great grandfather had amassed a very large fortune as a food wholesaler and, along with his wife and seven daughters, resided in a mansion in the mostly non-Jewish section in Park Slope, Brooklyn. One day, my great grandmother became concerned about the many federal projects workers in Prospect Park who appeared undernourished.

Already used to cooking large meals for her daughters, countless suitors, and their many friends, and with shelves of cured meats and barrels of pickled provisions in her basement, she instructed the foreman to send the workers to her home for lunch. As reported in the New York Herald Tribune, *"First twenty appeared, then thirty, forty, fifty, until the number grew to 1,000. ...The unemployed receive the same food as the family and they sit at tables with snowy linen and flower centerpieces. The fare is strictly kosher."*

These days often seem like those days, with so many qualified and skilled workers without jobs, many families going hungry and hurting, and both young and older generations wondering if the future will bring opportunity and hope for a better life. Yet today, there is too much arguing and not enough of remembering the core principles of America. This is not a war between classes of Americans. This is a moment to remind ourselves of what it means to be Americans. For me, the principles are at the heart of every American and I think the majority of Americans agree. So, a plea to our politicians.

- Stop fighting about incomes. We want every person to strive to make American-sized fortunes. Stop vilifying our American billionaires. We are a nation with a history of innovators, inventors, entrepreneurs and executives (good and evil) making fortunes. It's a great American story and it teaches us an American lesson – if they can do it, it's quite possible you (and I) or our children can do it

too. And although this wealth creation is essential to America, it works best when shared sacrifice leads to shared rewards, whether in stock options and profit sharing, or education and skills training, better benefits and higher wages.

- Stop fighting about tax fairness. We accept the longstanding American principle, embedded in our religious and cultural values, that those who can afford to pay a little extra, should do so. Studies show overwhelmingly that those who do make more accept this principle as well -- they'll pay a more in taxes as long as they believe the monies are used well and help those in need.
- Stop fighting about income tax rates. We determined more than 40 years ago that progressive federal income tax rates of 60-70-80-90% can be a disincentive, but that lower federal income tax rates are not. Stop fighting about whether the top income tax rate is 33% or 36% or 39%. People just don't stop working hard or seeking high paid jobs because of the additional 6%. (Economist's models be damned.)
- Stop fighting about capital gains taxes. We work and we spend. And if we have money left over, we save and invest. America has long honored, and rewarded, hard work. But there is no American tradition that suggests stocks and bonds deserve to be taxed less than people. It was a political compromise without principle. A tax rate that equalizes taxes on labor and investing will not dissuade investing. Investable capital will stay invested regardless of tax rates increasing back to 30% from 15%. (Hedge funds won't close, the Dow won't crash from sell orders, and money market funds won't break the buck.)
- Stop fighting about estate taxes. We are Americans and we owe everything -- everything -- to the mere fact that we live here. Even my children understand that they were born into privilege and opportunity (and not referring to our incomes or assets) because they, by the simple lottery of parent geography, are Americans. And most Americans agree. We even hear more and more from our billionaires and multi-millionaires that they agree too. They feel obligated to return to America the great fortunes they've built here.

I think this last point is the most salient, especially for those who believe America's social contract has been destroyed by greed and corruption. America is the land of opportunity, achievement and enormous wealth creation. This message should still ring true: make it here as big as you can and, if you're so lucky and so inclined, leave a small fortune -- \$10 or \$20 million per child and grandchild sounds nice -- to your progeny so they benefit from your efforts.

But return the rest of it, really, the rest of it, to America. So, return it not to the government, but to our non-profit sector, which is the envy of the world and may be the single greatest accomplishment of our civil society.

Use it to support our charities, our arts, our scientific and medical discoveries, and our children's educational institutions. Return it to America to programs that teach skills and create sustainable jobs, feed and cloth those in need, or give hope when there is none. Or even return it to America and put your name on a wall or a building. Do this and everyone will love you. Moreover, no one will begrudge you or your multi-million dollar incomes during your lifetime. It's the longevity tax: I know I may not benefit, but my children may and, for sure, America will.

As for me, our family wealth is no longer of consequence. It suffered from my great grandfather's early passing, the now outdated custom that placed the wealth of daughters into the hands of their less capable husbands, and poor estate and tax planning. But our real family wealth remains in the traditions my grandmother told me of our family. And when I need reminding, I can read my great grandfather's words in the newspaper from 1931, those early days of the first great depression.

"As long as I've got a pat of butter in the house I'll share it with the hungry and I wish others might be moved to do the same thing. There's plenty of money available if people troubled themselves to think about it. I believe in God and God is good. My children are happy to help and my wife works until 11 o'clock every night preparing things for the next day. We've been married thirty-three years and we feel we've been blessed and that we ought to do what we can to make others happy."

We are all Americans. We are the 100%.

Michael Faber is an entrepreneur, venture capitalist, attorney and family office advisor in Washington, D.C. and New York City. Later in life, through marriage, he became related to a family with a net worth in excess of \$2 billion.