

**From:** Joichi Ito <[REDACTED]>  
**To:** Jeffrey Epstein <jeevacation@gmail.com>  
**Subject:** Fwd: update  
**Date:** Tue, 13 Jan 2015 20:39:14 +0000

---

This is the electronic nose project. Dealing with the conflict of interest issues at MIT, but I'll get an anti-dilution per below. I think it's a very good deal. Assume you're still OK with doing this?

- Joi

Begin forwarded message:

**From:** David <[REDACTED]>  
**Date:** January 13, 2015 at 3:32:38 PM EST  
**Subject:** update  
**To:** Joichi Ito <[REDACTED]>

Joi,

I think you know the price on this round was established long before we had lab results. So, the last money in the round is basically a gift to whoever claims it. I'm pretty sure I can find a way to provide a weighted antidil, even if it means retroactively giving it to everyone in the round.

I realized I should have blind copied you on my letter to Ken Goldsmith yesterday. Here's what I wrote:

---

Hello Ken,

Thank you for your time on the phone last week. I'm operating under the assumption that, if possible, MIT would like to help one of its entrepreneurial offspring succeed... but (understandably) not at the cost of its integrity or policies. I'm writing because I have new information and a proposal I believe satisfies all these criteria.

Our discussion was about actual conflict of interest and of the appearance. I will address each separately:

**Actual COI**

I double-checked and confirmed that due to the nature of the company there is no physical way Joi Ito could use his position to benefit the company (and there by himself), even if he wanted to.

I say this for two reasons, both of which I believe is new information: 1) Our agreement with MIT establishes a clear wall between activities at MIT and OH2. MIT provided the theoretical groundwork for our technology, which is complete and all the patents are filed. As such, there is no more work conducted on the topic at MIT, by Shuguang or anyone else. Furthermore, our agreement states that even if there *were* any additional theoretical learnings, they would belong to MIT.

And, 2) creating new compositions of matter based on the licensed patents (the purpose of the company) requires equipment MIT does not own, and the work of the company must be performed off-campus, by definition.

That is to say that if Joi Ito were to wake up in the morning with the sole intent of affecting something at OH2, there simply would be no path available for him to do so.

That leaves the issue we discussed, which was the appearance of conflict

**Appearance of COI**

Our proposal to avoid the appearance of conflict is that we would commit to include a disclosure statement in every document that mentions **Kyara Investments IV LLC** (of which Joi Ito would be a minority shareholder).

We propose the following text:

***"DISCLOSURE: Joi Ito is a minority shareholder in Kyara Investments IV LLC a fact he disclosed to MIT prior to his investment and was subsequently permitted under the mutual understanding and condition that all related activities within MIT were completely and permanently ceased prior to his investment, thereby eliminating the possibility of a conflict of interest.***

It is my hope that in the absence of the possibility of actual conflict (as stated above) and with our commitment to include a disclosure statement in all public and private financial documents.... that MIT can feel comfortable the COI risk has been well-addressed and can permit this investment to go forward.

Thank you for your consideration and assistance.

Kind regards,

David Levy, Ph.D. '92, SM '87, SB '87