

**From:** Richard Kahn <[REDACTED]>  
**To:** "jeffrey E." <jeevacation@gmail.com>  
**Subject:** Fwd: Braque  
**Date:** Fri, 15 Sep 2017 14:43:07 +0000

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i spoke with heather this am will give you an update when we speak  
thank you

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue 4th Floor  
New York, NY 10022  
[REDACTED]

Begin forwarded message:

**From:** Heather Gray <[REDACTED]>  
**Subject:** Re: Braque  
**Date:** September 14, 2017 at 4:42:52 PM EDT  
**To:** Richard Kahn <[REDACTED]>

[REDACTED] on a plane, but I can call you tomorrow morning? Or tonight, but it's going to be around 10 pm your time before we land.

Sent from my iPhone

On Sep 14, 2017, at 4:12 PM, Richard Kahn <[REDACTED]> wrote:

just called you in office and on cell  
please call me when free to review attached  
thank you

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue, 4th Floor  
New York, NY 10022  
tel [REDACTED]  
fax [REDACTED]

cell [REDACTED]

On Aug 30, 2017, at 11:48 AM, Heather Gray <[REDACTED]> wrote:

The QI is a subsidiary of Chicago Deferred Exchange Company, one of the largest 1031 agents for real estate transactions. The QI is their art 1031 arm. They were first recommended to us in 2015 when we did the Calder (attempted) 1031 exchange. The QI was recommended to us by Howard Levine (tax lawyer) at Roberts & Holland in Washington, DC, who wrote the BNA tax management portfolio on 1031 exchanges. The outside lawyer that we used for the current exchange also recommended them.

The parent company has been in business for 25 years or so and does a huge number of real estate 1031s. The art subsidiary has been in business since at least 2014 and has done a number of 1031 exchanges (I do not know the exact number).

We agreed to indemnify them in the exchange documents. Since any sales tax that would be due on our entities' purchase of the two Cezannes would ultimately flow through to us, we wanted to control the exchange agent's side of the audit (selection of lawyers, strategy).

**From:** jeffrey E. [<mailto:jeevacation@gmail.com>]  
**Sent:** Wednesday, August 30, 2017 11:32 AM  
**To:** Heather Gray <[REDACTED]>; Richard Kahn <[REDACTED]>  
**Subject:** Re: Braque

Where did you find this QI. What do we know about them? Why are you paying for their lawyer?

On Wed, Aug 30, 2017 at 11:19 AM jeffrey E. <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)> wrote:

Heather, sorry it is not useful. What is useful is how often does the party desk in huge numbers. 1031-sales is true but not really relevant. EXPERIENCE with scale, type. History of requests audits etc.

On Wed, Aug 30, 2017 at 11:03 AM Heather Gray <[REDACTED]> wrote:

The exchange agent does have a resale certificate, but that relates only to its purchase of the Cezannes, not the sale of the Braque. You and I and Leon and I discussed the advantages and disadvantages of a gallery versus a professional exchange agent. A gallery is a more conservative choice for sales tax purposes, but a less conservative choice for 1031 purposes. An exchange agent is more conservative for 1031 purposes, but less conservative for sales tax purposes.

**From:** jeffrey E. [<mailto:jeevacation@gmail.com>]  
**Sent:** Wednesday, August 30, 2017 10:59 AM  
**To:** Heather Gray <[REDACTED]>  
**Cc:** Richard Kahn <[REDACTED]>  
**Subject:** Re: Braque

And I thought it was very aggressive. Put kindly

On Wed, Aug 30, 2017 at 10:58 AM jeffrey E. <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)> wrote:

You had said they had a re-sale certificate. What they did or didn't do is not our problem ---yet. If you recall I was quite clear about not liking the idea and suggested we use a gallery, other than

Gagosian. But you told Leon that they " had done this many times before " .

On Wed, Aug 30, 2017 at 10:54 AM Heather Gray <[REDACTED]> wrote:

Hi Jeffrey,

I have not given the auditors anything related to you. The exchange agent was responsible for collecting sales tax on the sale of the Braque to the trust, so they need to tell the auditors whether or not they collected the tax, to which the answer is no, they did not.

I was only asking because if you had paid the tax, you might want the exchange agent to know that.

Best,  
Heather

**From:** jeffrey E. [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]

**Sent:** Wednesday, August 30, 2017 10:49 AM

**To:** Heather Gray <[REDACTED]>; Richard Kahn <[REDACTED]>

**Subject:** Re: Braque

You should not be giving anything to auditors re us  
This is wrong from get go

On Wed, Aug 30, 2017 at 10:40 AM Heather Gray <[REDACTED]> wrote:

Hi Rich,

We need to get back to the auditors, so I just want to confirm that no sales tax has been paid on the Braque. That was my sense from our conversation last week, but I want to be certain before I speak with the lawyers. I'm in the office if you'd like to discuss this.

Best,  
Heather

Heather Gray  
Art Counsel  
Elysium Management LLC  
445 Park Avenue, Suite 1401  
New York, NY 10022  
[REDACTED]  
[REDACTED]

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