

From: "Barry J. Cohen" <[REDACTED]>
To: jeffrey E. <jeevacation@gmail.com>
Subject: RE: Sales tax on Rent--PRIVILEGED AND CONFIDENTIAL
Date: Mon, 18 Sep 2017 21:22:10 +0000

Understood. We think we have answers, but appreciate that art rental is not a well developed market and we have to tread carefully.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Monday, September 18, 2017 5:21 PM
To: Barry J. Cohen <[REDACTED]>
Subject: Re: Sales tax on Rent--PRIVILEGED AND CONFIDENTIAL

We are only talking about Debra predecessors

On Mon, Sep 18, 2017 at 5:12 PM Barry J. Cohen <[REDACTED]> wrote:

Alan H, Ada and Heather expressed the view that art LDB has given to the trusts can hang on the Blacks' walls because (a) DRB is a trust beneficiary and (b) the trusts are happy to allow the arrangement (as opposed to say, huge amounts of trust art hanging on another beneficiary's walls) for the reason I expressed. If DRB predeceases, then reason (a) disappears, and all agree that something else must be done—like a rental arrangement. Corporate art doesn't involve beneficiaries (though shareholders are maybe a little similar), and I suspect few of the corporate art cases can show (b).

I had a conversation with Charles and Ivan Deutsch, and I think they agreed with the above, but I can't remember for sure.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Monday, September 18, 2017 4:57 PM
To: Barry J. Cohen <[REDACTED]>; Leon Black <[REDACTED]>

Subject: Re: Sales tax on Rent--PRIVILEGED AND CONFIDENTIAL

again barry, could you refrain from referring to firms but give me names of who said what. it tells my littel otherwise

On Mon, Sep 18, 2017 at 4:05 PM, Barry J. Cohen <[REDACTED]> wrote:

That is my opinion as a trustee. Or former trustee. I would be violating my fiduciary duty if I did not do everything I could to maximize the value of the trust's art. Lending to museums can be an important way to enhance value. The best way for that to happen is by persuading Leon to put it on his walls, where curators can see it. I've never heard lawyers put it that way, but PW, and I think S&C, agree with my thinking, as do Heather and Ada.

Whether the value to the trusts is more or less than personal satisfaction LDB gets from keeping it on his walls is inherently uncertain.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Monday, September 18, 2017 3:44 PM
To: Barry J. Cohen; Leon Black
Subject: [External] Fwd: Sales tax on Rent--PRIVILEGED AND CONFIDENTIAL

I would also like to know , who opined that it is for the trust benefit. . as much as leons

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

From: jeffrey E. <jeevacation@gmail.com>

Date: Mon, Sep 18, 2017 at 3:42 PM
Subject: Re: Sales tax on Rent--PRIVILEGED AND CONFIDENTIAL
To: "Barry J. Cohen" <[REDACTED]>

it is a lease. who advised you that no one pays. ? is that the same as it is not owed?

On Mon, Sep 18, 2017 at 2:40 PM, Barry J. Cohen <[REDACTED]> wrote:
Should Debra pre-decease, and our structure does not change, we agree that we have to seriously consider charging Leon rent. I think there is a strong case that trustees will want the art to remain hanging on Leon's wall if there is still the significant flow of curator traffic through his residences. As discussed, that traffic leads to loans, which can greatly enhance value. I.e., the art is on LDB's walls as much for the trusts' benefit as for LDB's.

If LDB pays rent to the trusts, then he arguably owes sales tax. We are advised that no one pays sales tax on rent, but we're not sure why that position is taken. If the trusts collect sales tax, we have always assumed that they would bear the burden of reporting and remitting it.

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