

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 20:55:46 +0000

As you point out, few are in Leon's situation of having curators regularly come through the residences and actually lend to museums. In any event, I'm only expressing a strong view on the obvious point that curators seeing the trusts' art leads to a demonstrable appreciation in value. We track valuation and the numerous curator visits. We track what trust art gets lent out. Would be interesting to see if the cases laughed out of court had the same circumstances. If you point me in the right direction, I can try to track them down.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Monday, September 18, 2017 4:49 PM
To: Barry J. Cohen <[REDACTED]>
Subject: Re: Sales tax on Rent--PRIVILEGED AND CONFIDENTIAL

not paying income tax also maximized the value of the trust property, that is not the standard. the case of corporate art on the shareholders walls has been laughed out of court when the goofball made the same claim, :)

On Mon, Sep 18, 2017 at 4:46 PM, Barry J. Cohen <[REDACTED]> wrote:

I asked that exact question, and was told something different. I was told that the "no benefit" standard did not apply. I think Ada may have told me that, but I have to refresh my recollection. She is out this week.

My strong opinion related only to what maximizes the value of the trust property. Nothing else.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Monday, September 18, 2017 4:42 PM
To: Barry J. Cohen <[REDACTED]>
Subject: Re: Sales tax on Rent--PRIVILEGED AND CONFIDENTIAL

again, im sorry, you just hve zero experience in this area and frankly no right to a strong opinion. the burden is not on the irs , it is on you to prove leon gets no benefit. . barry .

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.

Barry J. Cohen |
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