

From: Ada Clapp <[REDACTED]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Re: BFP Distributions to the LDB 2011 LLC
Date: Wed, 30 Oct 2013 18:05:17 +0000

That would work for [REDACTED] and [REDACTED] because their trusts would not have to distribute out the funds to them (they are under age 25) and could be used to pay back the 2006 Trust for the money it loaned to them.

With respect to Josh and Ben, if the funds were paid out to them—their 2011 Trusts would not have money to repay the notes held in their descendants trusts. Remember it is the 2011 Trusts that owe the descendants trusts \$5.12 million (in respect of a principal distribution Ben/Josh should have received). If the descendants trusts held cash (like the trusts [REDACTED] and [REDACTED] set up for their descendants), it could be reinvested to earn more than interest on the notes. Thus, better leveraging the use of Josh and Ben's gift tax exemptions—which they used in 2012 to get that \$5.12 million out of their estate. Making the distribution from the 2011 Trusts to them now would put \$5.12 million back in their taxable estates.

The goal is to put the descendants trusts on par with each other from an asset standpoint and to restructure the notes in the self-settled trusts so you only have “Leon borrowing from Leon” so to speak.

Ada Clapp

Black Family Partners
c/o Apollo Management
9 W 57th Street
New York NY 10019
phone: [REDACTED]
email: [REDACTED]

IRS Circular 230 Disclosure:

Pursuant to IRS regulations, I inform you that any tax advice contained in this communication (including attachments) is not intended or written to be used, and cannot be used by any person or entity for the purpose of (i) avoiding tax related penalties imposed by any governmental tax authority, or (ii) promoting, marketing or recommending to another party any transaction or matter discussed herein. I advise you to consult with an independent tax advisor on your particular tax circumstances.

This communication, and any attachment, is for the intended recipient(s) only and may contain information that is privileged, confidential and/or proprietary. If you are not the intended recipient, you are hereby notified that further dissemination of this communication and its attachments is prohibited. Please delete all copies of this communication and its attachments and notify me immediately that you have received them in error.

On Oct 30, 2013, at 1:26 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

why not make the distributions and pay it, they can have the money,

On Wed, Oct 30, 2013 at 12:49 PM, Ada Clapp <[REDACTED]> wrote:

Hi Jeffrey,

As you know, Black Family Partners made distributions to its partners on Friday, including the LDB 2011 LLC, which received, roughly a little more than \$20 million. We have a plan to use these funds to clean up

some of the notes that were issued at the end of 2012 to allow the children to use up their lifetime exemption amounts.

You will recall that the VRB 2011 Trust and the ASB 2011 Trust each borrowed \$5.12 million (from the 2006 Family Trust) which they distributed out to [REDACTED] and [REDACTED] respectively. [REDACTED] and [REDACTED] each contributed these funds to a trust he/she created for his/her descendants.

Ben also created a trust for his descendants, but instead of funding it with cash, he gave his trust a \$5.12 million note receivable from the BEB 2011 Trust. Ben retains a note receivable from his 2011 Trust in an includible self-settled trust he created for his own benefit. Josh is in the same position, except that the note in his includible trust is larger than Ben's. Because the 2011 Trust (a grantor trust as to Leon) issued the notes held in the self settled trusts (grantor trusts as to Ben and Josh), each year Ben and Josh report interest income and pay income tax.

Here is the plan we think makes sense: The LDB 2011 LLC will use its distribution from BFP to lend \$5.12 million to each of the 2011 Trusts. The VRB 2011 Trust and the ASB 2011 Trust will use the funds to repay the 2012 loans from the 2006 Trust. The BEB 2011 Trust and the JMB 2011 Trust will use the funds to repay the notes in their descendants trusts. Once this is done, all descendants trusts created by the children will have cash to be invested.

As additional funds become available in the LDB 2011 LLC, it will make additional loans to the BEB 2011 Trust and the JMB 2011 Trust to be used to pay off the notes held in Ben and Josh's self-settled trusts. Once these are paid off, you will have loans from the LDB 2011 LLC to the 2011 Family Trusts—each of which is the same income taxpayer as Leon. Josh and Ben will no longer have to pick up interest income.

We are opting for loans, instead of distributions, from the LDB 2011 LLC to the 2011 Trusts, to avoid giving the trusts fiduciary accounting income—which would have to be paid out to children over age 25 (Josh and Ben) under the terms of those trusts. Rich did not have sufficient information at this time to determine whether a distribution from LDB 2011 LLC to the 2011 Trusts could constitute a principal distribution (rather than fiduciary accounting income) under Delaware law. The loan approach alleviates this concern.

Please let me know if you would like to discuss.

Best regards,

Ada Clapp

Black Family Partners
c/o Apollo Management
9 W 57th Street
New York NY 10019
phone: [REDACTED]
email: [REDACTED]

IRS Circular 230 Disclosure:

Pursuant to IRS regulations, I inform you that any tax advice contained in this communication (including attachments) is not intended or written to be used, and cannot be used by any person or entity for the purpose of (i) avoiding tax related penalties imposed by any governmental tax authority, or (ii) promoting, marketing or recommending to another party any transaction or matter discussed herein. I advise you to consult with an independent tax advisor on your particular tax circumstances.

This communication, and any attachment, is for the intended recipient(s) only and may contain information that is privileged, confidential and/or proprietary. If you are not the intended recipient, you are hereby notified that further dissemination of this communication and its attachments is prohibited. Please delete all copies of this communication and its attachments and notify me immediately that you have received them in error.

--

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved