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October 14, 2010

FOR SETTLEMENT PURPOSES ONLY – WITHOUT PREJUDICE

VIA EMAIL ([REDACTED]@[REDACTED].[REDACTED].[REDACTED])

Jay Goldberg, Esq.
250 Park Avenue
Suite 2020
New York, New York 10177

Dear Jay,

I am responding to both of your email memos of today's date.

Mr. Molyneux assured Mr. Epstein first that Mr. Fancelli and his people were going to arrive on the Island on September 23, 2010. Mr. Molyneux then asked that Fancelli's arrival be delayed until October 6, 2010. Mr. Molyneux further assured Mr. Epstein that Messrs. Molyneux and Fancelli had resolved all of Mr. Fancelli's questions and issues relating to required completion work for library cabinetry. Now, three weeks later, Mr. Fancelli and his people are still not on the Island and have not yet even committed to come, let alone correct all of the woodwork issues. In fact, by letter to both you and me of yesterday's date, Mr. Edelman made it clear that, as far as Mr. Fancelli is concerned, virtually none of Mr. Fancelli's questions and issues have been resolved. Under the circumstances, your prediction that Mr. Fancelli will go to the Island provides little comfort.

Moreover, your client has already refused to pay Mr. Epstein the \$500,000 to which you previously agreed, in addition to the agreement to properly fix, complete, restrain and refinish the library woodwork. So, your undertaking to use your "very best efforts to see that Mr. Molyneux pays what can only be described as a reasonable fee" to Mr. Fancelli is of no value in resolving this matter. Unfortunately, we have been down this road before and it has lead us nowhere. Although Mr. Molyneux has received millions of dollars from Mr. Epstein, the cabinetry remains incomplete and unfinished. Mr. Fancelli claims that he is owed roughly \$50,000 on outstanding invoices (\$18,618 in travel expenses and 22,500 Euros for "Executed Work"), has already demanded additional payment to address many of the

woodwork issues and the restraining and refinishing, and will do nothing further on this project until all of these amounts are paid.

Pursuant to your memo to Mr. Edelman and me of today's date, you have confirmed Mr. Molyneux's agreement to pay the balance of \$18,618, which Fancelli claims to be outstanding for travel crew expenses. You have also confirmed Mr. Molyneux's agreement to pay for the marquetry proposed by Fancelli for the exterior facing sides of the window shutters in the library (estimated by Fancelli at 47,992 Euros), as well as the costs to stain the cabinetry. However, you have not confirmed your client's agreement to pay 22,500 Euros, which Fancelli claims to be outstanding for "Executed Work". Moreover, you have advised that Mr. Molyneux will not pay for any of the "Punch List items" designated 1 through 9, claiming that these are general punch list items which are usually completed by the craftsmen at no cost.

As to these items, Mr. Edelman contends, for example, that:

- With respect to punch list item 2, there were no escutcheons provided for in the design or the plans that Mr. Molyneux approved for the Cabinetry, which, if true, is an obvious design omission by Mr. Molyneux.
- With respect to punch list item 5, the frames around the sliding panels "were intended to allow daylight to show through," which, if true, is yet another serious design flaw for window shutters which were supposed to have completely prevented exterior light from the room.
- With respect to punch list item 9, "CAD Plans submitted to Mr. Molyneux did not provide for symmetrical panels", which, if true, is completely contrary to Mr. Epstein's design instructions that the cabinetry should be a reproduction of the cabinetry in El Escorial and, frankly, makes no sense whatsoever.

In each of these cases, as well as others, Mr. Edelman has specifically informed us that his client expects to be paid for these punch list items, and by your memo today, you have advised both Mr. Edelman and me that Mr. Molyneux refuses to do so. These are issues for which Mr. Epstein bears no responsibility and must be resolved between Mr. Molyneux and Mr. Fancelli.

Moreover, both you and Mr. Edelman specifically asked that we provide you with a complete list of all that we believed would be required to complete the library woodwork, which was to include items in addition to those listed on the September 8 list. We delivered this list on October 4, 2010. Now, Mr. Edelman has refused to address any items on the October 4 list that were not on the September 8 list. All of the items on the October 4 list, which you, yourself, acknowledged, in an October 7, 2010 email memo to Mr. Edelman, were deemed justified by Mr. Molyneux, must be properly addressed to complete the woodwork.

In light of your personal efforts to resolve this matter and as a good faith gesture to you, I will obtain more photos in response to Mr. Edelman's requests. However, time is quickly running out and this matter must be resolved, either out of court or in court. As you know, we have created a complete video record to demonstrate all of the shoddy work on the library cabinetry should it be necessary to proceed with litigation. The choice is Mr. Molyneux's.

THIS LETTER IS FOR SETTLEMENT PURPOSES AND WITHOUT PREJUDICE TO ANY AND ALL RIGHTS AND CLAIMS OF JEFFREY EPSTEIN AND L.S.J., LLC AGAINST JUAN PABLO MOLYNEUX, J.P. MOLYNEUX STUDIO, LTD., FANCELLI PANELING, INC. AND/OR JEAN PIERRE FANCELLI, ALL OF WHICH RIGHTS AND CLAIMS ARE HEREBY EXPRESSLY RESERVED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER THIS LETTER NOR ITS TERMS ARE ADMISSIBLE IN ANY COURT PROCEEDING INVOLVING JEFFREY EPSTEIN, L.S.J., LLC, JUAN PABLO MOLYNEUX, J.P. MOLYNEUX STUDIO, LTD., FANCELLI PANELING, INC. AND/OR JEAN PIERRE FANCELLI.

Sincerely,

Darren K. Indyke