

DARREN K. INDYKE

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February 25, 2010

**VIA EMAIL ([REDACTED])
and First Class Mail**

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

Re: Agreement for Design Services dated May 15, 2009 ("Design Services Agreement") by and among Juan Pablo Molyneux, [REDACTED], Molyneux Studio, Ltd., L.S.J., LLC and Jeffrey Epstein

Dear Jay:

The characterization in your February 24, 2010 letter of Mr. Epstein's legitimate requests and concerns as unreasonable, unfair and in bad faith is an obvious attempt to create a self-serving and inaccurate record of what has transpired in this matter. Mr. Epstein forewent litigation and made substantial financial concessions to help Mr. Molyneux in a time of financial need. Mr. Epstein did this despite the fact that Mr. Molyneux misrepresented himself to Mr. Epstein (and, as I am sure you are aware, others) as an architect and, in so doing, caused Mr. Epstein to incur approximately \$4 Million dollars of fees, costs and expenses, including \$500,000 on engineering fees and substantial sums paid to Mr. Molyneux for architectural services never delivered. Mr. Epstein asked only one thing from Mr. Molyneux, and that was to complete one building to Mr. Epstein's reasonable satisfaction by a specific date.

That date has since been extended two times in an effort to spare Mr. Molyneux from having to pay Mr. Epstein additional moneys under the Design Services Agreement in the event Mr. Molyneux did not fulfill his obligations timely. In such event, among other things, Mr. Molyneux would be obligated to pay Mr. Epstein an additional \$250,000. This is hardly unreasonable, unfair or in bad faith, but rather shows a concerted effort on Mr. Epstein's part to help Mr. Molyneux complete the Office Pavilion without triggering further financial obligations.

As various matters and concerns have arisen in the performance of Mr. Molyneux's obligations under the Design Services Agreement both Mr. Epstein and I have been exceedingly diligent in alerting Mr. Molyneux and yourself to the same. Recently, Elizabeth Hill from your office admonished me for doing so. After the abrupt and unannounced departure of Fanceli from Little St. James Island, Mr. Epstein made an eminently reasonable request for a written completion schedule for the refinishing of the cabinetry. This request was intended to create a clear timetable for the completion of the cabinetry by the April 15 deadline, which was extended, in large part, because of issues previously arising in the absence of such a clear timeline. By email dated February 5, 2010, Ms. Hill denounced the schedule as not being a "contractual obligation" and cautioned me to "refrain from sending frivolous letters regarding this matter."

You make reference in your letter to a "budget spreadsheet" used to create Exhibit B of the Design Services Agreement. I believe you are well aware that the so called "budget spreadsheet" was rejected by Mr. Epstein, and, in lieu thereof, Mr. Molyneux prepared Exhibit B to provide an indication of the items required for completion of the office/library portion of the Office Pavilion. Moreover, Section 11 of the Design Services Agreement is clear that "the prior drafting history of this Agreement shall not be used to construe any term of this Agreement."

You assert in your letter that "Only if \$250,000 was not fully spent for the items listed in Exhibit B, were additional items to be provided to Mr. Epstein at Mr. Molyneux's discretion to complete the design for the other areas in the Office Pavilion." However, this ignores a separate and equally material term of the Design Services Agreement that "the Office Pavilion will be completed to Mr. Epstein's reasonable satisfaction" by the completion deadline. Given the problems previously communicated to you and Mr. Molyneux regarding, among other things, the lack of adequate cabinetry finish, the globes, the guest desk chair, and the lack of an adequate ceiling and lighting design, this material term of the Design Services Agreement is far from being satisfied. It also requires that Mr. Molyneux complete the side office of the Office Pavilion, which, as both Mr. Epstein and I have informed you and Mr. Molyneux, is currently nothing more than 4 walls.

Furthermore, pursuant to Exhibit B, Mr. Molyneux is to provide back-up for the prices of the items listed in Exhibit B and not merely his unsubstantiated schedule. It was never intended that credit for those prices be anything more than at Mr. Molyneux's actual cost for the same, hence the requirement for back-up. To date, we have received no such back-up.

In addition, you state that all of the furniture items on Exhibit B have been approved and purchased. I am uncertain as to what you mean by "approved." As I understand it, at the very least, Mr. Epstein has raised reasonable objections regarding the globes and the guest desk chair because neither were as rendered by Mr. Molyneux. Moreover, Mr. Epstein has received useless blackboards and has not agreed to the elimination of two contemporary lights, which have not been

delivered. I also understand that additional expenses will be required to remove and reinstall the plate glass window in the library, so that the globes may be installed therein. Under the Design Services Agreement, these expenses to properly install the globes are Mr. Molyneux's responsibility.

Mr. Epstein did not unfairly decide to redesign the ceiling in bad faith. Mr. Molyneux's original design and the ceiling painting were inadequate for the library, and it was reasonable for Mr. Epstein to require a redesign in order to satisfactorily complete the library. Contrary to the statements in your letter, Mr. Epstein has received no ceiling or lighting designs from Mr. Molyneux, but does require them to complete the library.

As for the refinishing of the cabinetry, once again you are misinformed. Mr. Epstein did not simply abruptly change his mind and request a different finish. The finish of the cabinetry has been at issue for two years. You will recall that originally the cabinets were supposed to be dark walnut, but were constructed in light oak. It was Mr. Molyneux's view that they should be first installed in the library and then evaluated. If inadequate, a proper color was to be selected for the refinishing. As Mr. Epstein stated in his February 9, 2010 email to Mr. Molyneux and as the picture attached thereto clearly demonstrates, as installed, the cabinets have a lifeless finish no different from the temporary construction flooring in the library. Although Exhibit B does state that Mr. Molyneux would decide if the color of the paneling is adequate for the overall ambiance, as you have informed in your letter, such a decision must be made in good faith. Any reasonable person reviewing the photograph would agree that Mr. Epstein's requirement to refinish the cabinets is not only reasonable and in good faith, but absolutely necessary for the overall ambiance of the library.

If anything, Mr. Molyneux's statement that it is a mistake to refinish the cabinetry on site is in bad faith. It has taken several months for that cabinetry to be delivered and installed. It would be ridiculously costly and simply absurd to remove it now to refinish it and would only result in the completion of the Office Pavilion well after the April 15 deadline. The only reasonable choice is to refinish the cabinetry on site.

You state in your letter that you were only notified of the request for six samples on February 18, 2010. However, Mr. Epstein advised Mr. Molyneux of the need for those samples when Mr. Epstein rejected the first sample on site. If you were not advised of this until February 18, 2010, then you should look to your client and not Mr. Epstein, particularly in light of Ms. Hill's request that I refrain from sending you letters communicating Mr. Epstein's requests.

The selection of color and finish for the cabinetry is largely an aesthetic matter and not one that could fairly be characterized as unreasonable or unfair. In fact, Mr. Epstein's request for six samples from which to select one is inherently reasonable given the subjective nature of such a decision. Consistent with his

continuing efforts to work with Mr. Molyneux to complete the Office Pavilion timely, Mr. Epstein will review the samples and advise Mr. Molyneux of his selection upon his receipt of the same. Please advise me when you expect them to be delivered

As to the condition of the furniture, I am unaware of any request by Mr. Molyneux to inspect the furniture when he was on site in January. However, I would point out that any decision not to remove the furniture from the shipping crates at that time would have been a reasonable measure to avoid unnecessary damage to the items while they awaited completion of the construction. I would think it more appropriate for the items to be removed now, under the supervision of both parties, to avoid any disputes as to the condition in which they were received.

Throughout your letter you accuse Mr. Epstein of acting unreasonably, unfairly and in bad faith, when it is your client that has repeatedly failed to fulfill his obligations under the Design Services Agreement and Mr. Epstein has simply responded reasonably to such failures. For the past 10 months, we have tried to keep you aware of our concerns to avoid any misunderstandings, yet only now do you claim that Mr. Epstein has behaved unreasonably. The fact is that Mr. Molyneux has an obligation not only to simply provide certain items described (albeit incompletely) on Exhibit B, but to properly install and complete those items and to complete the Office Pavilion (and not just the library) to Mr. Epstein's reasonable satisfaction by no later than April 15, 2010. Given the vast sums incurred by Mr. Epstein as a result of your client's prior misconduct, Mr. Epstein's exceedingly generous efforts to accommodate your client's financial problems and Mr. Epstein's limiting his demands on your client to the completion of single building, Mr. Epstein has been abundantly fair and reasonable.

Should your client fail to timely meet his obligations, Mr. Epstein will pursue all his claims against Mr. Molyneux and his firm. We sincerely hope that this will be unnecessary as there is still time for Mr. Molyneux to complete the Office Pavilion. However, Mr. Molyneux needs to take responsibility, move forward expeditiously and stop blaming Mr. Epstein for his own failures.

Sincerely,

Darren K. Indyke