

DARREN K. INDYKE

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July 14, 2010

Mr. Robert Couturier
Robert Couturier, Inc.

[REDACTED]
New York, NY 10012

Re: Jeffrey Epstein and Re-Design of Residence on Little St. James Island

Dear Mr. Couturier:

I have reviewed Richard Kahn's email dated June 23, 2010 to Sally Ann Calabrese of your firm and Ms. Calabrese's response dated June 24, 2010. There is simply no legal justification for your refusal to refund Mr. Epstein's full \$50,000 deposit, and your claim for more than \$41,000 of additional charges is preposterous. Your sudden departure from the project at its infancy was through no fault of Mr. Epstein and has left Mr. Epstein with nothing of any useful value. Mr. Epstein has needlessly incurred substantial costs, expenses and construction delays in connection with this project and your unilateral termination of services. He is legally entitled to a full refund of his deposit and to be compensated for all such costs, expenses and delays.

In April 2010, Mr. Epstein paid you a \$50,000 deposit in connection with your proposal to re-design Mr. Epstein's residence on Little St. James Island. As part of that proposal, \$25,000 was to be credited against future fees, and, as Ms. Calabrese acknowledged in her email, that \$25,000 has been deemed by you to have been "credited back" to Mr. Epstein, presumably because no future fees were earned. The remaining \$25,000 was to cover the cost of developing the design for Mr. Epstein's residence, as to which you noted in your proposal "considerable time and effort" would be necessary "to create the total design/decoration concepts", and which would include "preliminary working drawings, furniture and custom furniture selection, furniture plans, custom built-ins, antiques, fabrics, carpeting, window treatments, etc."

You terminated your services less than two months after you agreed to undertake this project, and did not deliver to Mr. Epstein the total design/decoration concepts for the project or the deliverables required by your proposal. There have been no "furniture and custom furniture selection, furniture

plans, custom built-ins, antiques, fabrics, carpeting, window treatments, etc.” What scant few drawings you did provide have no useful value to Mr. Epstein and cannot under any circumstances justify your total charges to Mr. Epstein of over \$91,000. Moreover, because of your withdrawal from the project, Mr. Epstein will have to start the process all over again with a new designer/decorator who will require his own deposit and his own start up fees to develop his own total design/decoration package.

Under your proposal, apart from the initial \$25,000 to be paid for your “total design/decoration concepts” and related deliverables, your compensation was to be paid as a percentage (15% in the case of antiques, artwork and antique rugs, and 30% in all other cases) of the direct cost of all items approved. With this compensation structure, any time that you and your staff devoted to the design or decoration of this project was to be compensated solely through the payment of your 15%/30% fee, if and when items were approved and purchased. As a result of your unilateral early termination, there have been no items even proposed for purchase, let alone approved, and, therefore, no compensation is owing to you. While your proposal does allow for the possibility of charging for Architectural Consultation Fees, those fees were to be for architectural consultation services above and beyond the development of your total design/decoration package, which you did not deliver. Your attempt to charge Mr. Epstein for your unproductive design time by characterizing the same as “Architectural Fees” is simply outrageous.

Moreover, your proposal expressly limits the total amount of Architectural Consultation Fees that you are permitted to charge to “20% of the construction costs for the projects as to which such consultation has been provided.” Because of your decision to terminate services at the very beginning of the project, no construction projects will be undertaken on the basis of what little you have provided to Mr. Epstein. Thus, you are entitled to no Architectural Consultation Fees under the express provisions of your own proposal.

In addition, you have provided no back-up to support your billings for any of your claimed Architectural Fees and, according to Ms. Calabrese’s email, your charge for “May Architectural Fee” is dated April 30, 2010, which obviously calls into question the propriety of that charge. Also, each of your separate charges to Mr. Epstein for travel expenses, which total more than \$6,300, is well in excess of \$500, and under your proposal, each of those charges therefore required advance written approval from Mr. Epstein. No such written approval was given.

Based on your agreement to undertake this project, Mr. Epstein has incurred considerable costs and expenses for, among other things, [REDACTED] and Gary Kerney to meet with you and your people several times both in New York and St. Thomas, Mr. Epstein’s lawyer to evaluate and negotiate your proposal, and Mr. Epstein’s construction and architectural professionals to provide you with the information and materials you required to commence work on this re-design project. Landscaping and other construction has been delayed while awaiting your

design work resulting in substantial additional costs and delays on this project. Under the circumstances, it is both unlawful and unprofessional for you to withhold repayment of Mr. Epstein's deposit when you alone made the decision to terminate services through no fault of Mr. Epstein.

Although Mr. Epstein is truly sorry that you have decided to terminate your services, there is simply no legitimate basis for you to hold him financially responsible for the consequences of your own decision, especially when that decision has created substantial costs to Mr. Epstein. Mr. Epstein is, however, prepared to forego recovery of those costs from you, but only if you return the full amount of his \$50,000 deposit within the next nine days. Demand is hereby made for the return of Mr. Epstein's \$50,000 deposit by July 24, 2010, failing which Mr. Epstein will have no choice but to commence legal proceedings against you to recover both Mr. Epstein's \$50,000 deposit and the substantial costs he has incurred as a result of your actions.

This letter is without prejudice to the rights and claims of Mr. Epstein against Robert Couturier and Robert Couturier, Inc., all of which are hereby expressly reserved.

Sincerely,

Darren K. Indyke