

5-18-10

Jeff Sloman

Robert Senior

Dear Counsel

We received notice this morning that Podhurst Orseck PA has filed a civil Complaint seeking over \$2,000,000 in addition to the \$526,000 they have already been paid by Jeffrey Epstein for their work as attorney representatives. As we communicated to you during our February 2010 meeting and both before (January 20, 2010) and thereafter (February 18, 2010) by letter, see appended letters, there exists significant differences between fees that Mr. Epstein and his civil counsel believe are within his NPA obligations and additional amounts which the attorney representative is claiming are due. Mr. Epstein has in the past attempted to resolve issues relating to the outstanding invoices through efforts to review the particulars in the unpaid bills with the attorney representative, through settlement discussions with the attorney representative, and through his signing on February 16, 2010 a Special Masters Agreement which would allow a neutral third party to make a binding determination as to what portions of the invoices at issue were reasonable, non-duplicative, and within Mr. Epstein's NPA-obligations. As a preliminary matter, Mr. Epstein had been requesting but did not receive an invoice including billing dating back to October 2009 until May 11, 2010 – and even this invoice was without the charges of certain of the outside contractors relied upon by the Podhurst firm.

We regret that these efforts did not resolve the matter and that Podhurst Orseck PA elected instead to litigate. Mr. Epstein is today, in response to the lawsuit, placing the total identified amount of \$2,000,000 in an account maintained at the Clerk's Office for the United States District Court pending the results of the litigation. Mr. Epstein has always agreed that he is entirely responsible for any settlement-related fees that are not excessive and will take no litigation position inconsistent with that understanding. However, we have contended as a matter of principle that given the unexpected enormity of the claims for legal fees that absent additional detail on why the invoiced fees were not duplicative and excessive and outside the ambit of Mr. Epstein's NPA obligations payment should depend on either an

agreement with the attorney representative which never occurred or a determination by a neutral third party. Mr. Epstein will pay whatever amount Judge Gold or any selected Master determine he owes under the NPA.

YT

RB

MGW