

This MEMORANDUM OF UNDERSTANDING (“MOU”) dated this \_\_\_\_ day of October, 2010, is among:

- (1) **Jeffrey Epstein**, with an address at \_\_\_\_\_ (the “**Lender**”);
- (2) **Giuseppe Cipriani**, with an address at 10 London Mews, London, United Kingdom W2 1HY (“**GC**”);
- (3) **Livio Bisterzo**, with an address at \_\_\_\_\_ (“**LB**”); and
- (4) **Refifi Ltd.**, a company incorporated in England and Wales with registered number 07310768 and registered office at 10 London Mews, London, United Kingdom W2 1HY (the “**Company**”).

(each a “**Party**” and together the “**Parties**”).

#### RECITALS

- (A) The Lender has agreed to advance the total sum of Eight Hundred Thousand BPS (£800,000) to GC on the terms set out in this legally binding MOU, by way of a secured loan (the “**Loan**”).
- (B) GC is the sole owner and director of the Company.
- (C) LB is experienced in providing operational, managerial and promotional services to operations similar to the Club (as herein defined).
- (D) The purpose of the Loan to GC, is such that GC will use the funds as capital for the Company, in order to establish a new business, to wit, a club to be established in the Mayfair area of London, United Kingdom (the “**Club**”).
- (E) The Parties agree that in connection with the Loan, GC will issue to Lender, a Promissory Note (the “**Note**”), together with certain security which will be provided to the Lender as set out herein.
- (F) The Parties agree that in connection with the Club, GC and LB have sufficient expertise in order to manage and operate same.

- (G) In consideration of the Loan, and the expertise of LB in providing operational, managerial and promotional services to the Club, the Company agrees to provide an option of ownership to Lender and LB as set forth herein.
- (H) The Parties have agreed to enter into this MOU to set out the principal terms of the transactions and the basis on which the Lender will advance the Loan. The terms of this MOU are legally binding on the Parties, unless otherwise agreed by the Parties in writing.

1. **Loan to GC**

1.1 The Loan is advanced upon the following terms:

- (a) The total principal amount of the Loan is £800,000 BPS (the “**Principal Sum**”) will be secured, among the security set forth in clause 2 herein, by the Note. The Note shall reflect all of the terms set forth in subsections (c) through (f) herein.
- (b) The term of the Loan shall be for period of three (3) years, beginning on October \_\_, 2010 and the Principal Sum and all outstanding interest and any other sums due under the Loan, shall be due and payable on or before October \_\_, 2013 (the “**Maturity Date**”).
- (c) Interest shall accrue on the outstanding Principal Sum at a rate equal to eight (10%) percent, per annum (the “**Interest Rate**”) (computed on the basis of actual days elapsed and a year of 360 days).
- (d) The Principal Sum, together with all accrued interest, may be paid by Borrower in whole or in part at any time prior to the Maturity Date without penalty.
- (e) The non-repayment of (i) the Loan beyond any applicable notice and cure periods, or (ii) the failure to execute or deliver the documents that are agreed to be delivered by the Borrower to the Lender under Section 2.1 of this legally binding MOU and were not delivered upon the signing of this MOU will constitute an “Event of Default.” Borrower will have 10 business (10) days’ notice to cure any Event of Default. Upon the

occurrence of an Event of Default which Borrower fails to timely cure, then Lender may, at its sole option, declare all unpaid indebtedness under the Loan immediately due and payable without notice or demand. While the Loan is in default, the Note shall bear interest at a rate of 13% (herein the “**Default Rate**”). Borrower agrees to waive all demands for payment, presentation for payment, notices of intentions to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest, to the extent permitted by law.

- (f) Security for the Loan will be provided as set out in clause 2.
- (g) The Note and Pledge and Security Agreement shall be the “**Loan Documents**”.

## 2. **Security for the Loan**

2.1 In consideration of the Loan, Borrower has agreed to provide, and the Lender has agreed to accept, the following Security:

- (a) a pledge by GC of 100% of the shares in the Company (“**Pledge and Security Agreement**”);
- (b) The Borrower covenants that any documents not delivered together with this legally binding MOU shall be delivered to the Lender in a form satisfactory to the Lender (including without limitation with respect to representations and warranties and Events of Default) executed by the persons with the proper authority to sign them and bind the Borrower no later the Completion Date.

2.2 On repayment of the Loan in full, the Lender shall promptly release all of the Security set out at clause 2.1 above.

## 3. **Timing**

3.1 The Parties agree that time is of the essence with respect to the Loan, and therefore agree that they will work together in good faith to complete the legal documentation to implement the terms contained herein as quickly as possible

3.2 The Parties will use their respective best efforts to complete the related documents for the Loan on or before November 1, 2010 (“**Completion Date**”).

4. **Management Agreement With the Company**

4.1 The Company will enter in a Management Agreement with GC and LB (and/or to a company owned and operated by each of them), for the management, operation and promotion of the Club.

4.2 The Management Agreement shall provide for payment of management fee in the total sum of £200,000 per annum, split equally between GC and LB for the management and operation of the Club. Terms of the Management Agreement are provided for therein.

5. **Option To Purchase Shares of the Company**

5.1 The Company agrees to enter into an **Option Agreement**, which will provide that whereupon no Event of Default exists under the Loan, and the Loan is repaid in full, then (i) LB will have an option to purchase up to 25% of the total ownership of the Company, (ii) and the remaining 75% ownership will be owned as follows: by Lender (51% of the 75%) and by GC (49% of the 75%), either individually or through a corporate vehicle to be established by Lender and/or GC at the time of exercise of the option.

6. **Miscellaneous**

6.1 Completion shall be conditional on the following:

- (a) A Promissory Note shall be issued to Lender;
- (b) A Pledge and Security Agreement shall be executed by the GC, and acknowledged by the Company, in favour of Lender;
- (c) The Company will undertake to effectuate the security interest provided for in the Pledge and Security Agreement;
- (d) The Management Agreement between the Company and GC and LB shall be executed;

- (e) The Option Agreement shall be executed by the Parties; and
  - (f) All the principal documents referred to above being entered into, on or before the Completion Date;
- 6.2 This MOU is confidential and not to be disclosed by any Party to any person or entity without the other Party's prior written consent except as required by law or to their advisers.
- 6.3 Each Party is responsible for their own attorneys' fees and costs in connection with the making of the Loan and any additional costs, fees, expenses relating to this MOU and the definitive agreements which are required pursuant to this MOU.
- 6.4 This MOU, the Loan Documents, Management Agreement and Option Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof, and supersede all prior agreements and understandings, if any, relating to the subject matter hereof or thereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing signed by the applicable Parties hereto. Each Party hereto acknowledges that it has been advised by its/his own counsel in connection with the negotiation and execution of this MOU, the Loan Documents, Management Agreement and Option Agreement and is not relying upon oral representations or statements inconsistent with the terms and provisions hereof.
- 6.5 This MOU shall be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to principles of conflicts of law. The Parties hereby agree to submit to the exclusive jurisdiction of any court of competent jurisdiction sitting in County of New York, in respect of any action, suit or proceeding arising out of or relating to this MOU and/or the transactions contemplated hereby, and hereby waive any objection which any party may have to the laying of venue in any such court. The parties hereby waive any rights for Jury Trial in any action regarding this MOU.

We agree to the above as of the date set forth herein:

..... For and on behalf of **Refifi Ltd.**

.....**Giuseppe Cipriani**

.....**Jeffrey Epstein**

.....**Livio Bisterzo**