

Dear Mr. Couterier:

We were very sorry and quite disappointed that you are unable to work on the Little St. James project. Mr. Epstein was looking forward to working with you. Obviously, your withdrawal from the project was through no fault of Mr. Epstein, so I assume that you will be returning the full \$50,000 deposit that we sent to you in April. Of course, if you incurred any reasonable out of pocket expenses (apart from those over \$500 for which advance approval was required under our agreement), please forward the back up for those expenses and you may deduct them at cost from the deposit. Under the circumstances, however, I think we would all agree that imposing an 8% handling fee on these expenses would be inappropriate. For our part, we will not seek to offset your expenses or otherwise charge you for our losses, which, unfortunately, are substantial.

Please let me know if there is anything you need for the prompt return of the deposit.

Kindest regards,

Rich Kahn