

From: Jeffrey Epstein <jeevacation@gmail.com>

To: " [REDACTED] " < [REDACTED] >

Subject: Re: Fw: JC HOA

Date: Mon, 13 Jul 2009 22:21:41 +0000

this is only transferring the problem, he is lending you the money at 2% over libor, as opposed to your current rate , and maybe also lending you up to an additional 1million. you get no real money until the co earns enough after tax expenses etc. you should ask for a business plan along with projections as to realistically how long you would be indentured before he even started to share in the profits.. my rough guess is that the DOY would have to earn at least 15 million pounds before you saw any real money. if the co earned 25 million pounds a shit load of money.. you would take home only 2.5-3 // ask for the business plan.. --- you might be better off filing bankruptcy, starting again , and tell jc you 'll give him 20 of the profits moving forward,, I also note that he says he gets 50% of the profitable operations what about the losing ones,, careful..

On Mon, Jul 13, 2009 at 5:51 PM, Sarah < [REDACTED] > wrote:

I upped the money to 10 million pounds.

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From: Martin Huberty

Date: Mon, 13 Jul 2009 21:01:11 +0100

To: Sarah < [REDACTED] >

Subject: JC HOA

Initial draft of heads of agreement

Without Prejudice

1.00 pm: 2nd July, 2009.

Note: I do now understand that there is extra monies on top of those detailed and we will have to consider the implications of that new information, but for the moment it would be best to start off with this document and then modify in the light of other information.

Dear Sarah,

I am keeping this offer as simple as possible and have constructed it in such a way that it gives you total security and time for us all to do the right deals for you and not ones that we would all live to regret.

Since this is an indicative offer it clearly doesn't have any of the legalese but rest assured that the final document wouldn't have any undesirable small print embedded in it. It will be a simple offer.

The overview of the offer is that JC will settle all debts up to £4 million and finance on costs up to £1 million and give his best advice at all times on issues of importance and help DOY become a financially successful global brand (with the proviso that JC's time is very limited and so will only execute where it makes a significant difference). In return JC will receive 50% of DOY's net profit.

DETAIL

DOY means the business
SF is the person

JC Commitment

- To extinguish all debts to a maximum of £4 million (3.915 declared – is this correct and does it include tax?).

The debts will be extinguished by loans in a timely way, some of them maybe with a reduced settlement value, in order of importance so as not to cause DOY any further difficulty or embarrassment. It may be better to settle all immediately (to be discussed).

- JC will pay SF reasonable expenses and living costs until one of the following 3 occurs:
 - DOY becomes cash flow positive.
 - 2 year period expires.
 - A total of £1 million is used including tax liability.

Cont'd....

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- JC will help SF on structural set up to lay the foundations for a very successful future. After which, it is envisaged that JC will not be needed on a day by day basis, or even on a month by month basis, but will always be available for anything of significance, and certainly in the early stages to vet Can Associates progress (should they be chosen), and ensure that they are capable of doing the job.

It will be necessary to correct your managerial infra structure and this may mean that some, or most of your current team, are not needed (sorry).

- JC will use best endeavours to protect SF from bad business decisions of a major nature and to protect and enhance SF reputation, image and finances.

Method of Financing

- The debts and the living expenses will be financed by way of a loan carrying an interest rate of 2% above 3 month labor.

- The loans will be repaid out of DOY net profit (which includes JC's share).

Net profit is after all third party managerial fees and all reasonable expenses associated with DOY revenue generation, but not personal costs and general living expenses, which would come out of DOY's profit share.

- The above loans will be repaid out of positive cash flow generated in excess of SF's reasonable needs. Since the loans will be repaid out of DOY net profit it follows that they will be repaid out of JC's 50% share equally to DOY's 50% share.

DOY Commitment

- JC to receive 50% of all net profit (as defined in point 6 above), from all profitable activities associated to DOY.