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To: Melanie Spinella <[REDACTED]>

Subject:

Date: Mon, 19 Sep 2016 18:56:15 +0000

dec 2015

IT, still desperately needed- reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , - airplane: re structure, (my only suggested priority in june) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.(the office was told that i cannot even see the proposals received without brads specific authorization) - brad has no idea even as to what questions to ask. he knows little of finance, is run roughshod over by almost everyone in the office. he is a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant ie 3 million in deductions im told are taken for art space but on closer examination it turns out they cannot be used at all. (ZERO benefit) though you will be told yes they were deducted on the return they said that is the question they get asked ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing , a construction project run amok , no budget, the coo fired after only 3 months. , no clue . I can add that artspace financials are also a total mess.

As your friend and in order toturn the page. I will try to be constructive
The following is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain the paramount requirement 16 months after i emailed to you their importance. , I suggest you consider having the 49percent of phaidon merged into artspace and have Richard buy artspace. re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re- do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. (this is brads chosen advisor???) Halperin has a conflict that should be addressed., Debra should enter a tenants in common agreement with kids. you have airplane consultants tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis (tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, Rothshcild bank, 150 b they have a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , 2 billion in taxes on transaction. ?!

the facts as i see them

in June and then again Sept, we both agreed to a 50% of phaidon payout., then after weeks of thinking about the issue (which I fully understand) . the payout was unilaterally changed . 5m would be reserved for the future ? . and out of the remaining 15m ,? i would receive only 5. (note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies that I devise are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get

unhappy when it actually comes time for them to pay ,.

From day zero a 50 - 60 million price was attached as the fair price of the transaction just completed . though this amount was already substantially less than our agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane -in-kind etc, were discussed (ie keeping the 30m portion of fee outstanding till March) ,I provided as requested a detailed step by step execution plan and reviewed all documents that i was given access to. (Phaidon was not forthcoming) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one-,not -one time in three years has he ever proposed a unique idea. (including the new tenant in common idea,) and lets say he made a contribution to the plan and even that it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the price of doing the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that only 20m would be paid , (and even that was more than originally contemplated) for both transactions . I feel It was remarkably unfair. Did brad even know of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the price was known up front. , the detailed step by step plan was followed and overseen by me, the price that had been requested before the transaction was begun, and had already heavily discounted, out of friendship, from our agreement . I believe the decision re paying only 20 m has frankly left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesnt exist ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . as them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. . the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describe to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposition in the estate. . etc. ask brad to show you the liquidation of the inteveing art space cos? .

Last year you asked , for my help I told you I preferred not as we would be better off having no financial intereactions. the risk was not worth it. You told me that as my friend i had to do it I agreed., here we are in what I find to be an awkward situation. the transactions that i decvised were used , our agreement was ignored. and im not sure how to respond.

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