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Subject: \$1M rain contract

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Is the last sentence correct?

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When you take, for instance, a contract that pays out \$1 million if it rains tomorrow, and put it into your accounts, you will be required to guess the chance of rain—maybe 50%— and value that asset at something like \$500,000. The contract will actually never pay out \$500,000; it will either be worth zero or \$1 million in the end. But if you were forced to trade it today, you'd probably sell it for something close to \$500,000; so for tax and management purposes, you "value" the contract at \$500,000. On the other hand, if you unable to sell it because there were no buyers, it might actually be valued at zero today by regulators, but then suddenly valued at \$1 million tomorrow if it rains.