

From: Richard Kahn <[REDACTED]>

To: "jeffrey E." <jeevacation@gmail.com>

Subject: Leon Cash flows & other

Date: Tue, 02 Feb 2016 23:26:51 +0000

Attachments: Scan0101.pdf; Regan_2015_Year_End_Review_PDF.PDF; Phaidon - Memorandum (Sale and Reorganization) - January 22, 2016.pdf; Before_and_After_List_1-11-16.docx; List_of_Bank_Accounts_to_close_for_JEE_updated_status_Jan_11_2016.xlsx; Schedule_D_JAN_21_2016.pdf; 2016_Projected_Cash_Flow_PDF.PDF

Cash flow statement

- 1) April 2016 - 25,790,000 of investment cash inflows - please expand on Lone Cascade 25,800 as your schedule 1 states "proposed"
 - a) when was or will withdrawal be submitted - i recall prior liquidity analysis stating 30 days notice required
 - b) 10% audit holdback / other holdbacks
- 2) Art Sales - what happened to failed 1031 - 8mm? - were proceeds received in 2015?
- 3) Boat Charter income - why no charter in Jan - April 2016 and Oct - Dec 2016
- 4) Art advisory and insurance - per schedule 2 - Insurance payments of 1,100,000 are usually due in specific months unless they are using a payment plan - should be more specific as opposed to 220k per month
- 5) Miami construction of 170,000 per month should be more precise - footnote should mention total costs paid to date and total expected costs
- 6) Townhouse construction of 800,000 per month should be more precise considering we have a building advisor - footnote should mention total costs paid to date and total expected costs
- 7) Investments non publishing is silly title as it infers we are a publishing company
- 8) Investments publishing - how do these figures compare to prior year as john murphy's projections have proved to be very inaccurate
- 9) Plane operating expenses - using 2015 figures based on what premise? required maintenance in 2016 not in 2015 or reverse
 - a) plane analysis is missing total hours flown / cost per hour / fuel consumption and cost per gallon / charter hours / apollo hours / domestic vs international / part 91 vs 135
 - > all this information is prepared by management company and not sure why deleted from Dec 2015 summary
- 10) Plane Principal and interest footnote assumes 25 basis point increase in each quarter yet first 6 months are flat at 160k per month then next 5 months at 170k per month
 - > dec 2016 cost of 150k per month after 8,000,000 pay down prior month seems high
 - > principal payment of 8,000,000 based on ?? was principal pay down of loan over course of year factored in?
- 11) Boat operating expenses - using 2015 figures based on what premise? required maintenance in 2016 not in 2015 or reverse
- 12) Boat Principal and interest footnote assumes 25 basis point increase in each quarter yet entire line is shown flat with payments of 110k per month
- 13) Federal Taxes 2016 - if not payments are due what is projected overpayment - if so large should an amount be refunded in oct 2016?
- 14) Charity
 - a) 2,916,000 of commitments relates to Foundation and not sure it should be included on schedule / regardless it should be footnoted on schedule 3
 - b) Moma commitment of 3,574,000 - is this cash or art? are any other pledges non cash?
- 15) Family office cost of 6,600,000 seems extremely high..
- 16) Professional fees of 1,560,000 seems high / what is breakdown of accounting vs legal?

- 17) Residential non labor excluding insurance and Residential Labor are silly titles - each house should represent a cost which includes capital improvements, operating exp, labor, insurance, etc..
- 18) Personal Leisure - says used 2015 full year estimates - we are in January 2016 and know what those figures are as opposed to estimates
- 19) MS Misc Disbursements - i thought mindset was to have MS pay less - why is she still responsible for 4,800,000 of cash flow
- 20) Overall presentation
 - a) title of sources missing from top line
 - b) not sure subtotals are necessary (real estate, investments, taxes) and if they are then what is title for charity-> misc disbursements

Richard Kahn
HBRK Associates Inc.

tel [REDACTED]
fax [REDACTED]
cel [REDACTED]

----- Forwarded message -----

From: **John Castrucci** <[REDACTED]>
Date: Fri, Jan 22, 2016 at 12:13 PM
Subject: RE: JE Info Request 1-21-16
To: "jeffrey E." <jeevacation@gmail.com>
Cc: Brad Wechsler <[REDACTED]>, Joe Avantario <[REDACTED]>, Richard Joslin <[REDACTED]>, Ada Clapp <[REDACTED]>

Jeffrey

Please note the following documents are attached:

- 2015 Plane operations cost summary;
- Regan Arts 2015 Year End Review dated January 7, 2016 prepared by Phaidon COO Phillip Ruppel and CEO Judith Regan presented to Leon and Elysium;
- Draft Paul Weiss Phaidon Deal memo-not yet delivered to Leon;
- Before and After List of Bank Accounts, Entities & Loans (2 Attachments);
- Pro Forma 2015 Schedule D;
- 2016 Projected Cash Flow analysis inclusive of publishing needs for 2016.

Regards,

Jc

John M.Castrucci |

Chief Operating Officer |
Elysium Management, LLC |
445 Park Avenue Suite 1401, New York, NY 10022 |
Tel. [REDACTED] | Cell [REDACTED] |
[REDACTED]

From: Brad Wechsler
Sent: Thursday, January 21, 2016 9:11 PM
To: John Castrucci <[REDACTED]>; Jeffrey Epstein <jeevacation@gmail.com>
Cc: Joe Avantario <[REDACTED]>; Richard Joslin <[REDACTED]>
Subject: Re: JE Info Request 1-21-16

Thx john; we shld probably also send jeffrey the regan arts analysis put together by phil ruppel. Thx, b
Sent from my Verizon Wireless BlackBerry

From: John Castrucci <[REDACTED]>
Date: Fri, 22 Jan 2016 01:44:46 +0000
To: jeffrey E<jeevacation@gmail.com>
Cc: Brad Wechsler<[REDACTED]>; Joe Avantario<[REDACTED]>; Richard Joslin<[REDACTED]>
Subject: JE Info Request 1-21-16

Jeffrey,

With regard to the information requested below, we will send to you tomorrow a 2015 plane operational cost summary.

In the coming days, we will analyze proposals from outside counsel that will provide a reorganizational roadmap of Pt. 91 &/or Pt. 135 operations.

With respect to financials for Reagan Arts and Arts space, year-end financials are not currently available.

Once we receive them and have reviewed with management, we will forward them to your attention.

EFTA00835254

Tomorrow we will send you a copy of the following documents:

- a Draft Paul Weiss Phaidon Deal memo (fyi –Tom was briefed in December and a greater download will occur next week when he is in our offices);
- a Before and After List of Bank Accounts, Entities & Loans;
- a Pro forma 2015 Schedule D (fyi- No Tax estimates were due on January 15th, 2016)
- a 2016 Projected Cash Flow analysis inclusive of publishing needs for 2016.

Total interest paid on the bank transaction was \$167,935 and yes the \$30M credit facility was repaid on January 14, 2016.

We are working on year-end Family and Trust financials and anticipate they will be distributed during the week of February 29th.

As you can envision the consolidated financials are significantly more complex following the decanting and numerous other year-end transactions including challenges we are facing with staff resignations.

Best Regards and it appears happy belated birthday wishes are in order.

Jc

From: jeffrey E. [<mailto:jeevacation@gmail.com>]
Sent: Tuesday, January 19, 2016 07:17 PM
To: Brad Wechsler
Subject:

I would still like to see , airplane proposals . balance sheet for regan arts.(p&l) and artspace. . a closing summary of phaidon. at least. , where did new monies come from. ? where did they go ? . I have yet to receive the list of bank accounts co. entities that were going to be closed. etc. I also never got a schedule D . ? did the estimated taxes get paid. ? if so calculation.? total interest paid on bank transaction. . ? did the 30m get paid back. ? year end balance sheets? projections of how much cash needed for publishing . new cash flows. was tom brought up to speed on phaidon. .

I will be out of touch until friday, (birthday peace).

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