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To: Jeffrey Epstein <jeevacation@gmail.com>

Subject:

Date: Tue, 17 Feb 2015 13:14:07 +0000

one year ago i wrote.

Leon,

As you are well aware, There is little I won't do for you, or at least try to do as a friend, and a great deal that I have already done (both known and some things that will need to remain unknown.) Our arrangement was for me to architect sophisticated structures that would be beneficial to you. that is what I have done and will continue do in order to fulfill my obligations under our agreement. The discovered fact that you in reality need an entire family office built from scratch has been trying I have already agreed de- facto to try to help. I would suggest that Phaidons payroll and attention pales in importance to your personal structure, which has taken a back seat, Some of my suggestions regarding the Eysium office are as follows you will need a budget of 3- 5 million per year. CEO 1 million, new tax person to work with rich, 250. new bookkeeper ,200 new paralegal to work with ADA ALan etc , coordinating with Apollo, Akin , paul weiss , new acct openings , sec filings , sales tax review, etc. \$150 . art point person. loan , inventory, purchasing support, \$?? software servers. video conferencing, tax oversight.

I believe You should rapidly address trustees , gift trust, succession, wills of Debra and children, , monetization events , cash flow. etc I can of course share my experiences with you on each issue.

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. (lucky for me these last issues arose way before the beginning of my involvement) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.

Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work (ie the word DONE will no longer be transmitted to reflect status stated by others)

With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! (however many structures available some risk sharing, maybe risk caps ,etc) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

talk later..

TODAY

Leon,

I hate having to write this. however . I wanted you to understand the seriousness caused by the delay in action. of your dysfunctional family office. and at the same time have a record of my telling you so. I spent the greater part of last week reviewing your office in detail . . The office has suffered greatly from lack of control clear direction. and the disastrous delay in removing Eileen. Eileen has been a nightmare for you . she has cobbled together the office in a childish fashion either trying to hire c quality people, buying cheap equipment, looking to save small dollars, hiding all bad facts. even after hiring people . giving them no clearly defined roles , and or nonsensical direction. . she and ada each protecting what they see as their turf, errors upon errors upon errors. (iei only last thurs forming a brand new llc for alex with no input from finance.) millions of dollars unaccounted for. 500k again found in a drawer last week In early sept I notified you that I thought that joslin

was unable to deal with both ada and eileen . I sent delson in to referee.. at my expense . i again notified you in early oct that she needed to go asap as close to oct 15 as possible . and ada till march. I pointed out the risk of keeping the dynamic duo was their effect on joslin and future mistakes. . . in nov I sent you a email telling you i thought he could not take more of their interference. obfuscation and scheming. and suggested, again in writing. getting rid of both immediately, this week, in the first face to face I had with Joslin since dec he could not respond to simple questions , spoke financial gibberish, had misleading answers. bad answers wild elliptical statements , and non sensical plans for the future. therefore . As you asked i immediately confronted Brad with my discovery , and to my amazement and frankly dismay Brad said that his take was exactly the same as mine but this is how he had found Joslin in early jan and thought it was just his normal behavior. Since brad has little financial expertise , it seems he assumed the gibberish was just his ,brads, lack of understanding , In mid nov you suggested that he was your choice to run the office .and he would replace eileen. from mid dec he audited until early jan, when he assumed the job that im told now is only 75% of his time. He might , might? be capable of running your office but i have yet to see any indication that that is true. He is certainly a loyal friend. ON thurs I handed the same spread sheet that I had sent to brad, to four financial execs. (only to mine with the actual numbers included), to a person each within minutes said this makes no sense. no sense whatsoever, bad numbers bad categories. bad inputs outputs numbers that dont add. if it was an mri , of joslin i would say serious breakdown. I had him over my house in an attempt for him to explain to my team what had happened, and then sent my cfo to speak for hours to him and others at elysium. I pointed out to you that joslin could not make the first pass at hiring a finance person . I was right. HE is a great tax person, period. no social skills reporting skills or mgmt skills. ITS a mess and a larger one than I thought. sorry, I have begun to interview some cfo.s for you and have put out more feelers. if you feel comfortable i think you should ask at apollo for help.. It is now too late to remove Eileen out entirely as i had been urgently requesting. I have not spoken to her in months . but during this crazy delay in doing so, she is now significantly more entrenched. the office more intricately entwined and a danger to you. A re-do is necessary . top down.

you have repeatedly pointed out and I know you truly believe ,that you have paid me what you consider a great deal of money. You are one of my best friends. in my mind to say you had made a good deal would be an gross understatement. I have spent the majority of the last year restructuring your things. as you are aware I canceled my europe trips for the last six months of last year.my money, friends and clients have suffered as a result of the time it took to attempt to clean up 5 years of silliness. . however I take our friendship very seriously and feel not one iota of regret . I made a bad deal ,lived up to it. and exceeded the predictions made on your behalf.

that being said, you will need to bring in a few people to start from the top down. apollo review, coordination, bill pay, book keeping, legal reporting, filings, sec gaming foreign, pfc fbar gift gtax use tax, corporate admin, llc etc. investments art. household personal. taxes. gifts, admin for grats trusts children, checks and balances. banking doc review, tra review, brh review . review of will given new info.. jpm goldman, db bam, check writing , foundation decision art consultants. boat plane. construction. travel. insurance, IT,. staff mgmt. we will have to deal with tom ada, eileen, now joslin, . certain protections that you previously vocally declined to consider (king lear etc) i think should be put in .

As the art partnership was the last issue for my office on the table I consider our past financial agreement at an end. I don;t like money discussions between us. negotiations, lack of clarity ,amounts ,dates, deductible etc.

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