

From: Valeria Chomsky <[REDACTED]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: This requires some consideration
Date: Tue, 07 Nov 2017 15:15:50 +0000

The string of letters explains a lot of the dynamic that has been going on for too long and I don't think this is healthy for Noam. The whole situation is totally outrageous and Deborah seems to be strictly following Max's agenda, although being paid by us and now by you (this was the reason I wanted to verify more carefully her invoices and what she was charging us before paying all the invoices she submitted to us -- one of them including hours for studying how to revert copyrights transfer of one book (Who Rules the World) the only one that Noam has legally transferred to me). Is this representing Noam -- to revert the one book a husband has decided to put under his wife's name and charge us for that? Very strange.

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

From: Noam Chomsky <[REDACTED]>
Date: Sun, Oct 8, 2017 at 3:08 PM
Subject: Re: Fwd: Taxes.
To: Diana Chomsky <[REDACTED]>
Cc: Avi Chomsky <[REDACTED]>, Harry Chomsky <[REDACTED]>

You seem to have misread my letter. I meant it exactly as I wrote it. I was providing you with information that I thought you should have. There is absolutely nothing personal about it, and it has nothing to do with our personal relations.

You may be misinterpreting one comment: about the loan from the trust. It's true, as I wrote, that I regarded that as a personal, not legal, matter. But it has nothing at all to do with our personal relations. Rather, as I tried to explain, I would never have accepted a loan from within the family if I had understood what was happening. To repeat, I assumed that it would be for a few weeks or at most months, until the Lexington house was sold and I would pay back the loan and as much of the mortgage I chose to. I was willing to accept it as a temporary, very brief, expedient. I would never have agreed otherwise. I did not know that I did not own the Lexington house, and that I was being advised to buy an expensive apartment that I could not possibly afford and to do so with no assets to pay for it. It is quite clear that that made no sense at all, even apart from leaving me with a loan that I would never have agreed to had I been paying attention to the facts instead of relying on advisers.

I looked back over the correspondence, and I didn't find any efforts to provide me with different evidence, either about this (which seems completely straightforward) or about the other things I mentioned, like the strange practice of distributing half of the required withdrawal from the IRA to family, and therefore (with taxes, Wellfleet, management fees for the whole estate) reducing the funds from the IRA to zero before I paid expenses for Alex's medical fees and before I had anything to live on, with the serious tax consequences that entails for further necessary withdrawals along with rapid depletion of the one substantial source of income, there being almost no pension. That's just arithmetic. I don't see what the counter-evidence could be.

I don't know where you are getting information from. I haven't seen anything that suggests that what I have been writing to you is incorrect. If you have received information showing that what I wrote is wrong, I'd surely want to see it. As I wrote, once I found out about the seriously mistaken advice I was receiving, and the practices concerning the estate, I began looking at these matters closely to understand the circumstances, which I will henceforth deal with.

I appreciate your concern, but it seems that it is based on incorrect information that you are receiving. You might want to look into that. I've got matters in hand, and can proceed from here, consulting now with a responsible financial adviser.

Anyone who has any information about the estate has been apprised, and has been approached in the appropriate manner. There is no purpose that I can see in any consultation beyond writing.

Sorry if this seems abrupt. Just want to make everything as clear as possible. And again, to make it clear that this has to do with financial matters, past advice and practices, and the situation as it now exists.

D


On Sat, Oct 7, 2017 at 7:10 PM, Diana Chomsky <[REDACTED]> wrote:

Dear Doddo,

We are very distressed that you feel this as a personal matter now, since we hoped (and still hope) that this won't affect our personal relationship. We love you and want you to be happy. We welcome Valeria into your life and are pleased that you are very happy together - your well-being is our main concern. We know that we may not see you as often as other friends and family that you refer to, and we are truly saddened that additional distance may have been created among us.

Of course we want the two of you to live comfortably now, and we want Valeria to live comfortably after your death. It pains us very much that you could think that's not the case. We think that much of the financial information and the interpretations you state below are wrong. We also know that our attempts to explain what we mean or to give you different evidence have failed miserably, so we won't try to go into details here again. We do want to reiterate that we really want to take actions to help your situation, but - again - we really need to discuss with you and agree what would make the most sense, with the experts present too because we just don't have the legal or financial know-how to provide the answers and make the right decisions without their support.

Love, Avi, Diane and Harry

From: Noam Chomsky <[REDACTED]>
To: Diana Chomsky <[REDACTED]>, Avi Chomsky <[REDACTED]>, Harry Chomsky <[REDACTED]>
Date: 04/10/2017 00:53
Subject: Fwd: Taxes.

No need to respond to this letter. It is simply to provide you with information that you should have. We're busy getting ready to leave for Tucson, and there are some things that I would like to clarify. I have tried to explain some of these things before, perhaps inadequately. I'll partially repeat and amplify.

We can first clear up the specific matter of your letter. It's clear why we're not communicating. We are looking at the matter from different perspectives. As you write, from your perspective it is a legal and technical matter, no personal aspects involved. From my perspective it is the opposite: a personal matter, with the legal and technical issues marginal.

The whole idea of a loan within a family, let alone with interest, is something so strange that it would never have crossed my mind.

True, I agreed to it when Max and Sam proposed the financial arrangements to purchase the Cambridge apartment, but that was on the basis of a serious misunderstanding. I had not been paying attention then or in earlier years, relying on my lawyer and financial adviser. Mistakes I am not making again. Since then I have been paying close attention, and have been surprised at what I have learned.

In this case, as I've explained before, I assumed that the loan was a temporary expedient, perhaps for weeks or at most months, until the Lexington house was sold. At that point I would at once pay back the loan and also would pay part of the mortgage, maybe all of it, and then have the new apartment, unencumbered. I thought, wrongly as it turned out, that I owned the Lexington house. Had I known that I did not, I would certainly never have agreed to Max and Sam's proposal. Whatever they may have had in mind, it was, plainly, very poor advice. Clearly it makes no sense at all to buy into a coop near Harvard Square when I have zero funds to pay the purchase price, let alone the regular coop costs. I would never have agreed if I'd been paying attention instead of just taking advice on trust.

However, that's done, and now I am working out how to deal with this quite substantial burden. I'll sell the apartment, pay off the mortgage, and decide, with a trustworthy financial adviser, how to deal with the loan.

There is further background which I discovered when I began looking into these matters instead of just taking everything on trust and paying little attention. It was my mistake, now rectified.

The background I discovered is sketched below -- in part, there is actually more, which is disturbing, but I'll put it aside.

First, although I was teaching at MIT for 60 years, I have almost no pension; less than Social Security. The reason is that when MIT restructured the pension system, M and I took an option that provided us with an IRA, which we placed in a trust.

My only regular source of income, therefore, is an IRA, apart from a trickle of royalties from current books. The laws require that about \$300,000 be withdrawn every year. That sounds like a lot, until you look at what was happening. First, until I learned about it, Bainco was paying out about half of the withdrawal in distributions to the family. About a third goes to taxes. The rest went to payments on the Wellfleet house. That exhausts the obligatory withdrawal.

In addition, I was paying the management fees for the entire estate. And there were of course additional substantial expenses, like Alex's medical bills and payment to Anthony for the work that he is doing. All of that carries the total well over the required withdrawal. Worse, anything beyond the required withdrawal is taxed at an exorbitant rate, which is why I suggested that taxes come instead from the marital trust; no need to go over the fate of that idea. The arithmetic is simple. It's now far over the limit. All of this is before I take one penny for living expenses.

In the manner that things were being handled, in two or three years the IRA would be exhausted, and we'd be down pretty much to a very small pension and Social Security -- which do not go to Valeria after my death. Furthermore, it goes without saying that I want to guarantee that after my death Valeria will have our home, unencumbered. That would clearly be impossible the way things were being handled. In fact, she would have nothing at all.

I shouldn't have to explain that providing for Valeria after my death is a serious concern for me. We are very happy together. Our being together added immeasurably to my life. I took for granted that friends and family would be very pleased about that, and those we see regularly are, very much so.

I'm glad that all of you will be free from any financial concerns, thanks to substantial investments from my salary and other income over the years, now in trusts of which you are the beneficiaries. But that doesn't happen to be the case for me. I didn't really think about it in the past, but I never expected to have to spend my later years concerned about how to make ends meet.

On Thu, Aug 10, 2017 at 2:48 PM, Diana Chomsky <[REDACTED]> wrote:
Hi,

The promissory note itself defines the interest rate for the loan - our opinion doesn't hold any legal weight on this issue. If your lawyer doesn't think it's clear, would she like to write to Max and explain the problem? We really don't see how we can be of help on this. Since you set up this loan and its terms with the help of Max, who was your lawyer at the time, he's the one who will be able to clarify any doubts. We got involved only to try to explain because we thought you were misunderstanding the terms of the loan, based on what we learned about it.

If what you need is help calculating the amount owed based on the rules detailed in the note, Isabel Scharmer should be

able to do that calculation easily, and we suggest you or your lawyer contact her.

We are more than willing to be involved in these discussions, but we really need the experts present too because we just don't have the legal or financial know-how to give you the answers you need without their support.

love, Avi, Diane and Harry

From: Noam Chomsky <[REDACTED]>
To: Diana Chomsky <[REDACTED]>, Avi Chomsky <[REDACTED]>, Harry Chomsky <[REDACTED]>
Date: 09/08/2017 10:58
Subject: Fwd: Fwd: taxes

Follow-up to the letter below.

There is one matter that you have to decide. It has nothing to do with Max, or anyone else: How much interest do you want to charge on the loan from your trust?

We have to know this. We are supposed to be paying interest regularly, but Max has never informed us of how to do this, and it is accruing. Our own lawyer is trying to work out what should be done, but it all depends on your decision about the amount of interest we should be paying, and that is not clear because of obscurities in the promissory note.

We have to clear this up as soon as possible.

D

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

From: **Noam Chomsky** <[REDACTED]>
Date: Sat, Jul 8, 2017 at 7:00 AM
Subject: Re: Fwd: taxes
To: Diana Chomsky <[REDACTED]>
Cc: Avi Chomsky <[REDACTED]>, Harry Chomsky <[REDACTED]>, Valeria Chomsky <[REDACTED]>

I guess we'll have to agree to disagree.

On the DNI payments to me, I have nothing to ask, because I never heard of it before your letter and have no idea what it is.

There are no further distributions. That was arranged with Bainco when it became clear to them and us that distributions to the family were almost exhausting the obligatory IRA withdrawals.

On the promissory note, it's up to you what interest you want to charge on the loan. The Trust is basically yours. If you want to leave it this way, that's your choice. We have nothing to talk to Max about it.

We tried to rouse up David, but he never answered our phone calls or other messages, so we never got back in. We'll probably spend a couple of days there later in August. Now we're off to Tucson, then Uruguay for talks and various events with Mujica, then Brazil, back at the end of the month.

D

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Valeria Chomsky