

From: Richard Kahn <[REDACTED]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Re: AYH proposal
Date: Wed, 28 Aug 2013 09:56:04 +0000

Very good starting point.
My thoughts are as follows

1). Office rent reduction is good however at approximate 2500 sq ft t amounts to 15000 per year. We still pay 50000 or o in common area Maintnace. Maybe we can reduce that as well. Look to review lease and extend per term of edc benefits with no increases.

2) other fees such as brokerage and construction mgmt should be reduced as well by same 33 percent mgmt fee was reduced. How about credit of some sort for past 7 years of excess fees paid. Add clause to agreement that any expense greater than 20,000 requires your approval.

3) not sure I understand interest adjustment but tree should be a larger overall lump payment to you.

4) 25 percent discount would be more in line with ayh selling at cost

5) ok

6) ok

7) ?

There should be discussion regarding bank loan due in 2017 and what happens if bank will not refinance loan for balloon balance and partners need to put more equity in deal. Maybe we can negotiate they as general partners should be responsible for funding any refi shortfall.

Sent from my iPad

On Aug 27, 2013, at 7:01 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

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

From: Cecile de Jongh <[REDACTED]>
Date: Tue, Aug 27, 2013 at 6:42 PM
Subject: Fwd: AYH proposal
To: JEE <jeevacation@gmail.com>
Cc: Darren Indyke <[REDACTED]>

With warm regards,

Cecile

Sent from my iPhone

Begin forwarded message:

From: "Garrison, Frank" <[REDACTED]>
Date: August 27, 2013, 5:39:19 PM GMT-04:00
To: "Cecile de Jongh ([REDACTED])" <[REDACTED]>
Cc: "Garrison, Frank" <[REDACTED]>
Subject: AYH proposal

Cecile,

Per our recent communications I have set forth below an outline of a proposal for resolving open matters between IGY/Andrew Farkas and Jeffrey Epstein. The following is intended to be in the nature of a settlement proposal and by agreement among the parties will be treated as such and not be admissible in any future proceeding.

- 1) Office rent at AYH would be reduced by \$6/foot from the currently stated amounts in the lease.
- 2) The management fee at AYH would be reduced from 7.5% to 5% effective on the first day of the calendar month following a formal agreement. Based on full year 2012, this reduction would approximate \$210,000/year.
- 3) IGY would make a cash payment of \$165,473 to Jeffrey Epstein within 10 business days of agreement (NB: This amount is the precise amount of a contemplated interest "adjustment" that has been previously discussed.)
- 4) Fuel for vessels currently owned by JE and affiliates would be allowed to purchase fuel at AYH at a 20% discount to published price. Charges for fuel purchases would be due by the end of the third business day following date of purchase.
- 5) The arrangement for the provision of 75 linear feet of dock space would remain in place unchanged
- 6) JE would receive a 10% slip rental discount on all other existing boats/slips. This discount is currently not memorialized anywhere and new slip agreement would be executed to memorialize.
- 7) The parties would execute mutual releases as part of a formal agreement

I hope that Jeffrey is receptive to the foregoing and that we can all get on to more productive matters. Thank you in advance for your consideration.

EFTA00968409

The foregoing is not intended to be a binding offer but rather an outline of terms that we believe could be incorporated into an agreement or agreements which would become binding when executed and delivered by all parties.

Frank

Frank M. Garrison

Island Capital Group LLC

One American Center



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