From: Jeffrey Epstein <jeevacation@gmail.com>
To: Stephen Hanson <[redacted]>
Subject: Re: FW: Going forward
Date: Thu, 05 Dec 2013 23:20:31 +0000

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barry,

I fully understand your frustration. I believe that had you and I been able to speak directly without the middelmen including howie this unpleasantness obvioulsy caused by a misunderstanding mistranslation would have been avoided. As I m sure dan can attest, , the last suggested terms of strip house and the payment terms were negotiated after a long discussion with a respectful give and take, not the arrogance that you had suggested, Dan said that he thought our final agreement ok, and was merely taking it back to you for sign off. so as you might imagine I was quite surprised by your email . I have read your hope re dan staying as cfo, and my staying until brg is sold. I see little benefit for the moment in addressing these points

In the spirit of seperation and shaking hands and moving on I would remind you that we had agreeed terms and then your team added strip house in perpertuity (never discussed and only appearing in a red line doc) as a brand new term and unilateraly changed the payment terms . Though never discussed In the spirit of what you and i agreed I swallowed and said , ok, lets try to reach a middle ground, no more no less.

I would like to hear from you what your true strip house concern or in the alternative would ask that a signed fair document from you and your team to be sent tomorrow.

My legacy is important to me , and if you think I have overstepped Im sorry. I look forward to hearing from you.

On Thu, Dec 5, 2013 at 5:36 PM, Stephen Hanson <[redacted]> wrote:

> See below.
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> Original Message-----
> From: Barry Sternlicht [mailto:[redacted]]
> Sent: Thursday, December 05, 2013 11:04 AM
> To: Steve Hanson
> Cc: Dan Yih; Ellis Rinaldi
> Subject: Going Forward
>
> Dear Steve,
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> I regret we could not come to a reasonable separation agreement of your tenure with BR Guest. As you know, our sole intention in paying you a going away bonus was to give our limited partners a tiny bit of protection with a longer terms non compete/no hire and a provision which prevented you from working to hurt them even further regarding the Strip House joint venture. You negotiated a noncompete/no hire to just 6 months and we capitulated. But enough is enough. Our investors are facing the loss of tens of millions of dollars and even so, we were willing to pay you millions to go away because of poorly drafted documents. Despite spending more than $20m on new BRG outlets since we acquired our interest in BR Guest, the EBITDA of the firm is lower today than when we bought it more than seven years ago. Only one person has profited from this investment

and that is you. Nonetheless, we offered to pay you for "failing" and for not interfering with our go forward efforts to recoup our investors capital. You remain intransigent and unreasonable and self-righteous.

So we are forced to keep you on because you are arguing about $250k deferral for 6 months and you want to have the ability to interfere with Strip House. Fine. As you know, Dan will be with you every step of the way as CFO. We expect that as the CEO, you will fully fulfill all your duties of care and the standards of a CEO. Included in your duties is, as long as you stay as CEO, you cannot compete with the firm... so be our guest. We frankly would would much rather allocate a significant portion of your $2.5m blackmail payment to the employees for whom we rely on future performance of the company.

We also will not approve any corporate travel by you outside any of the locations in which we have restaurants today. We expect you will devote substantially all your business time to the company and as CEO and shareholder, you will cooperate with our right to sell the company, a process we will embark on in the next 12 months. You will not have any non compete after the company is sold. We would like to allocate 1.5m of the payment to you to keep employees split with a portion performance based over the next twelve months and portion representing a stay package which will "vest" 6 months after the closing of a sale. We will not allow any charitable gifts beyond those we have approved nor any political donations whatsoever from the company.

We look forward to fixing the company with you and to the smooth and satisfactory sale of the company in the near term. The company is your legacy and we know you would not like to see it injured nor the loyal employees who count on the company for their livelihood.

All the best,

Barry

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