

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Stephen Hanson <[REDACTED]>
Subject: Re: Fw: I just was informed...
Date: Mon, 09 Dec 2013 20:48:03 +0000

Barry,

I've carefully reviewed your email. I agree that we should not have a messy divorce. I understand your no skin in the game concerns so in an attempt to get this behind us, I suggest for settlement purposes only, one of the next few alternatives and 500k and only payable entirely at the end, (all my risk). you buy my stock this year for 1.5 and I resign. you get the non-competes for 2 years. I would ask that you allow me 2 restaurants during the non-competes, but I will accept none. I help you transition and sell

2. I kick in the 500k, and agree that you buy my stock in June for 2 million. I continue to work until June, and full salary, no non-competes at the end of June, my bonus to be decided solely by you if the business is sold in the interim

3. I kick in 1 million for employee retention, you buy my stock, at 1.5 this year, no non-competes, except for strip house. and No further obligations.

I've attempted to address your lack of trust concerns and to be fair to us both.

On Mon, Dec 9, 2013 at 1:50 PM, <[REDACTED]> wrote:

So maybe a window ?? Bs. He offered me 2mm + 500k with no non-competes - but all cry baby stories. How do we respond. Maybe a window to get the hell out. Zero \$ vs this crap

I go to the dr at 330 for stress

-----Original Message-----

From: Barry / Starwood-1 / Sternlicht

To: Stephen / brg / Hanson

Cc: Dan / scg / Yih

Cc: Ellis / scg legal / Rinaldi

Cc: HOWIE / SUE MUCHNICK

Subject: Re: I just was informed...

Sent: Dec 9, 2013 1:42 PM

Steve,

I did not ever agree to what you suggest. I originally offered you 1m to go away. You asked for millions. Then you told me you would leave at the end of your term in February with no payment. I went away, came back, said ok, and then you said you would accept \$2.5m (2.5x your salary) and would not agree to any real non-competes and even the flimsy one you suggested you would put no money behind violating it.

It is stressful for me as well. This is among the two worst investments of my career. We have done nothing but lose money, pay off recourse, pay off your note, pay for bad new restaurants you closed, fired the COO you chose, paid him a fortune too, paid you, your brother, for your commissary, your office rent etc. I have a lot of patience at this point to go to the mat for my investors. You will lose any possible action to prevent Dan from being the CFO so be my guest to contest it. You will pay our legal fees as well as your own. He was a public company CFO of an entity larger than BR Guest. Hard to imagine he isn't more qualified than anyone who has ever filled this position.

All you have to do is say, "hey, I've made a lot of money and good luck to you running and selling this business. Id love to help!" All you have to say to yourself is "I have made enough money here and for the good of the company and my legacy, I should act honorably. I should go do the other things I want to do and get on with my life." You somehow have concluded that getting extortion is the better avenue, that "I need to get one more payment out of these big cat guys." How am I threatening you? You are asking for money from us, not the other way around. I am asking to run this company for us until we sell it. I am not threatening you.

However, I do expect you to act in the best interests of this company, its employees and its investors. If this doesn't happen, rest assured we will be forced to reinforce our rights. I want to immediately offer BR Guests key employees a combination stay bonus and a performance payouts based on EBITDA in 2014. This MUST be in the companies best interest so I sure hope you will agree wholeheartedly.

I will not lose any more money in this entity in payments to you to have you then compete against us. Nobody is threatening you. You don't have compete with BR Guest for a while. It is totally in your court. We have never suggested you don't work. We suggested you not work against BRG's interest, trying to hire its people, interfering with its leases, trying to screw us on Strip House which is a material part of the entities cash flow. What you wrote is simply untrue. Most "partner/founders" would be asked to sign 3 year non competes. You wouldn't even give us a real 6 months.

I wish it weren't so. It you who is asking for still more money. We are not the catalysts to your and your attorney's apparent greed. The proverbial well is dry.

Up to you. It sure doesn't have to be a messy divorce. If you don't want to be a full time CEO per the specific requirements of Howie's employment agreement, you should clearly do something else. Fine with us.

We cant possibly be "in the wrong." We, SCG, stand to make not even a penny for ourselves for protecting our investors in any fight with you. But a fight will surely take both of our time, time that neither of us have and for which the outcome is not certain other than enriching attorneys.

> On Dec 9, 2013, at 12:52 PM, "Steve Hanson" <[REDACTED]> wrote:

>

> Yes we have been good partners. I understand your being upset and
> thought our clean divorce was the way to go. You twice agreed, shook
> hands and hugged on our separation only to twice re-neg on the deal only
> after we parted. You are also well aware that the cash basis number is
> larger than it would have been had not the loan I conceded to and your
> 12 percent pref been put on the books. It's extremely stressful to have
> you on the one hand constantly berate, accuse, and attack both me
> personally and my capabilities while at the same time have your legal
> team spend weeks to argue that I should not work for anyone else if and
> when we part. In addition, as per my emails to you, I do not, did not
> and will not consent to Dan as CFO(as per our agreement section 9). I
> would have thought that you had wanted the best chance of a business
> success, so forcing your unreasonable choice of CFO on me, and the
> company is at best, puzzling.

>

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Sent via BlackBerry by AT&T

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