

From: [REDACTED]

To: "Jeffrey / e / Epstein" <jeevacation@gmail.com>

Subject: Re: Fw: I just was informed...

Date: Mon, 09 Dec 2013 21:31:52 +0000

Importance: Normal

The general releases have been worked out. U have that last draft - all points have been solved - only open issues where \$ and years on strip house non comp. I'm still at docs office waiting for a note. Ill call asap I'm at the house.

Sent via BlackBerry by AT&T

From: Jeffrey Epstein <jeevacation@gmail.com>

Date: Mon, 9 Dec 2013 16:04:19 -0500

To: Stephen Hanson <[REDACTED]>

Subject: Re: Fw: I just was informed...

exchange mutual end of world releases. each alternative should give him some choices as well

On Mon, Dec 9, 2013 at 3:57 PM, <[REDACTED]> wrote:

I'm at the dr office. But ill call after. Sorry but hate #2. Ill just get screwed in 6 mos

#3 as is but say ill keep non comp +solt for 6 mos as docs are drawn now +strip for 2 years but no obligations at all after 1/1.

Think the deal gets done at #3.

The docs for all the general releases ++ are almost there - you have last turn. So we can sign off on those docs.

Sent via BlackBerry by AT&T

From: Jeffrey Epstein <jeevacation@gmail.com>

Date: Mon, 9 Dec 2013 15:48:03 -0500

To: Stephen Hanson <[REDACTED]>

Subject: Re: Fw: I just was informed...

Barry,

Ive 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 strip house deal for 2 years . I would ask that you allow me 2 restaurants during the non compete , but i will accept none. I help you transisition 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 compete at the end of june, I bonus to be decided solely by you if the business is sold in the interim

3. I kick in 1million for employee retention , you buy my stock, at 1,5 this year, . no non compete, except for strip house. and No further obligations.

Ive 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 be 2mm + 500k with no - non solit - 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 a any real noncompete 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 a 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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Jeffrey Epstein

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