

From: "jeffrey E." <jeevacation@gmail.com>
To: Melanie Spinella <[REDACTED]>
Subject: Fwd: acquisition structure
Date: Thu, 31 Jul 2014 09:56:27 +0000

lets speak, asset purchase is ok, but purchasing something with potential hair on it allows rats to crawl up the ladder.

----- Forwarded message -----
From: Eileen Alexanderson <[REDACTED]>
Date: Wed, Jul 30, 2014 at 10:31 PM
Subject: Fwd: acquisition structure
To: Jeffrey Epstein <jeevacation@gmail.com>

Email below summarizes proposed ownership structure. However, Phaidon CEO was not pleased. He feels it is very important that ArtSpace is owned by Phaidon and it's people are employed by Phaidon.

Begin forwarded message:

From: Eileen Alexanderson <[REDACTED]>
Date: July 30, 2014 at 2:51:39 PM EDT
To: "Lakhdhir, David K" <[REDACTED]>

Re: acquisition structure

- 1-APO Trust I would form and fund a new Delaware LLC (PAS LLC)
- 2-that Delaware LLC would form a Bermuda or Cayman company (which would be disregarded if we 'check the box')
- 2-The foreign company would set up a Delaware LLC as a US subsidiary of the foreign company (AS LLC)
- 3-that US Subsidiary would form a Delaware LLC (AS Acquisition LLC) that would then merge with Artspace Inc
- 4-Artspace Inc is the surviving entity
- 5-we would convert Artspace Inc to an LLC, thereby allowing the benefit of losses it generates to flow up to Leon

Rationale for the extra LLC below the foreign company was suggested by our CFO as follows: One thought on governance – Insert an LLC (entity) between Artspace and the Foreign corp. (This is similar structure to Phaidon Global LLC owning Phaidon LLC). Point is that this intermediary LLC is an entity that Keith can use to control/manage Artspace. We can also keep money here in a bank account that is then used to fund Artspace operations. We would not need to put money into Artspace LLC until needed. Otherwise, we would need to

use Artspace's existing bank accounts and get involved in their banking issues. To sum, the only entity that would have a bank account is US LLC #2. All disregarded entities.

Structure post acquisition would then look like this:

Trust

↓

US LLC #1

↓

Foreign Corp

↓

US LLC #2

↓

Artspace

Make sense? If so, we will need two rather than one LLCs formed today: AS LLC and AS Acquisition LLC. AS LLC should have Keith Fox as the Managing Member. I would think this LLC would sign the LOI.

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please note

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