

From: "jeffrey E." <jeevacation@gmail.com>
To: Melanie Spinella <[REDACTED]>
Subject: Fwd: possible 2014 charitable contributions of art
Date: Fri, 22 Aug 2014 20:07:56 +0000

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

From: Heather Gray <[REDACTED]>
Date: Fri, Aug 22, 2014 at 4:00 PM
Subject: RE: possible 2014 charitable contributions of art
To: "Jeffrey Epstein (jeevacation@gmail.com)" <jeevacation@gmail.com>
Cc: Eileen Alexanderson <[REDACTED]>

Jeffrey,

One quick update: I found the 2013 Sotheby's appraisal and the second Braque (*Homage to J.S. Bach*) was valued at \$24 million by Sotheby's in July of 2013.

Best,

Heather

From: Heather Gray
Sent: Friday, August 22, 2014 1:38 PM
To: Jeffrey Epstein (jeevacation@gmail.com)
Cc: Eileen Alexanderson ([REDACTED])
Subject: possible 2014 charitable contributions of art

Jeffrey,

You mentioned in our meeting that Leon may want to donate his interests in three works of art to museums in 2014. I've reviewed Ada's notes and I believe the works potentially to be donated are:

1. **Georges Braque, *La Table***

Owned 50% by Leon individually and 50% by MoMA

Promised gift to MoMA at the death of the survivor of Leon and Debra
Current fair market value per Sotheby's 7/25/14 appraisal: \$5.5 million

2. **Georges Braque, *Homage to J.S. Bach***

Owned 48% by Leon individually and 52% by MoMA

Promised gift to MoMA at the death of the survivor of Leon and Debra

Not included in Sotheby's 7/25/14 appraisal (perhaps because it is on exhibition at MoMA)

3. **Martin Kippenberger, *Untitled (from the series *The Raft of Medusa*)***

Owned 100% by Leon individually

Promised gift to MoMA but we do not have a copy of a promised gift agreement so it is not clear if it is promised at the death of Leon or the death of the survivor of Leon and Debra

Current fair market value per Sotheby's 7/25/14 appraisal: \$2.5 million

Documentation

If Leon decides to move forward, in order to complete these donations we will need: (i) a Deed of Gift signed by Leon, Debra (because she is a party to the promised gift agreements) and MoMA, which I will prepare, (ii) a qualified appraisal by a qualified appraiser, and (iii) IRS Form 8283 signed by Leon, MoMA and the appraiser once the appraisal has been prepared.

Timing

Do we know when in 2014 Leon would like to make these donations? From a valuation standpoint, I would suggest waiting on the donations and appraisal until after the big fall Impressionist and Contemporary auctions, which are the first two weeks in November. The value of the two Braque works may not change much, but the Contemporary market continues to rise so the Kippenberger may very well be valued higher after the November sales. Christie's sold a Kippenberger in May for \$18 million - a new world record for the artist - so both auctions houses will be trying to source Kippenberger works for their November sales.

Logistics

The Sotheby's appraisal gives us a good sense of the current values for the first Braque and the Kippenberger. Leon and MoMA purchased the second Braque in 2008 for \$25 million, so it is the most expensive work in the group and will need to be valued as part of the decision-making process. If Leon gives Sotheby's the details for this work, they can value it and add it to the appraisal.

I do not think we should use Sotheby's to prepare the qualified appraisal, however, because the IRS has very strict requirements for qualified appraisals that Sotheby's appraisals generally do not meet. The IRS closely scrutinizes charitable donations and the courts have shown a willingness to completely deny a charitable deduction if the qualified appraisal rules are not followed to the letter. I have several recommendations for other appraisers which I would be happy to discuss with you.

That being said, if Leon feels strongly about using Sotheby's, I can work with them on the appraisal format and content. We should expect that they will need quite a bit of time to prepare it, though, as it will not be their "standard" appraisal format.

Next steps

The most immediate priority is to determine the value of the second Braque (*Homage to J.S. Bach*). Once that value is known, decisions can be made about what to donate and when and then we can start the process with the appraiser and with MoMA.

Please let me know if you have any questions, or if you would like to discuss this.

Best,

Heather

Heather Gray

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please note

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