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September 1, 2011

VIA EMAIL ([REDACTED])

Mr. Nick Lambros
Sound X
360 Northwest Highway
Barrington, IL 60010

Dear Mr. Lambros:

As you know, I represent Jeffrey Epstein and L.S.J., LLC. I am writing in connection with claims they have against you regarding high-end, professional audio-visual equipment and installation services you held yourself out as being able, but failed, to provide.

You falsely held yourself out to Mr. Epstein and his representatives as being a knowledgeable and experienced professional provider and installer of the highest quality audio-visual equipment for large-scale, high-end applications. On the basis of your misrepresentations, Mr. Epstein paid to fly you numerous times to his Island in St. Thomas and his New York property to provide professional technical purchasing and installation recommendations for several different sites at those properties. Based on numerous misrepresentations you made to Mr. Epstein and his representatives regarding your knowledge of and experience with particular audio-visual equipment, you persuaded Mr. Epstein to pay you over \$135,000 for equipment that you had never previously purchased or installed or with which you had no prior experience.

Your installation of this equipment was generally sloppy and unprofessional, and in many instances improper, so that it did not operate as specified. This required costly project delays and return trips to the properties to bring your work into conformity with even minimal standards. Moreover, much of the equipment that you recommended with the highest possible praise performs poorly and has been subsequently discovered to be of substandard and inappropriate quality for its intended high-end application. As a result, several pieces have not even been installed in the multi-million dollar locations for which you recommended them.

Mr. Nick Lambros
Sound X
September 1, 2011
Page 2

Countless hours of costly and valuable time of Mr. Epstein and his paid representatives have been expended to address the many issues created by the deficiencies in your performance and equipment. To this day, not a single location operates at the level of performance and quality that you lead Mr. Epstein to believe it would. Yet, the total estimated cost to Mr. Epstein for payments to you, his representatives, travel and numerous other expenses necessitated by your failings exceeds well over \$200,000.

All this being said, Mr. Epstein is seeking a resolution of this matter that will avoid undue hardship on you, but at the same time provide him with some minimal recompense for the costs he has incurred. He is willing to accept a one-time payment of \$35,000 to put the matter behind you. Considering the costs he has already incurred and those he has yet to incur to correct your failures, this offer is both generous and more than reasonable. Be advised, however, that should you fail to accept Mr. Epstein's offer within ten days of the date of this letter, Mr. Epstein will have no choice but to take more formal action against you to recover the full extent of his damages, including but not limited to commencing legal action against you in the Virgin Islands.

I await your prompt reply.

This letter is without prejudice to the rights and claims of Jeffrey Epstein and L.S.J., LLC against Nick Lambros and Sound X, all of which are hereby expressly reserved.

Sincerely,

Darren K. Indyke