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July 12, 2011

Mr. Darren K. Indyke
Darren K. Indyke, PLLC
301 East 66th Street, 10B
New York, New York 10065

Subject: : Jeffrey Epstein and Little St. James

Dear Mr. Indyke,

We are disappointed to learn that Mr. Epstein has decided not to continue to work with Gensler to design the remaining new structures and renovations at Little St. James. We have worked well with him and his team for almost two years, and were looking forward to seeing the rest of his vision for the Island completed. In response to your letter dated 6/29/11, we feel the need to set the record straight, and address your claims about the services Gensler provided to your client.

You state in your letter that Gensler has "repeatedly failed to timely perform or complete any of the services or projects [we] agreed to perform." That is simply untrue. The fact is, in September 2009, Mr. Epstein hired Gensler to design a new Pool Area (pool, two guest cabanas, two pavilions, below-grade screening room), a new ATV Garage, a new Dock House, and renovations to the existing Main Residence. We worked closely with Mr. Epstein and his representatives, Doug Schoettle (who acted as project manager) and Gary Kerney (who acted as construction manager) for approximately 5 months, to develop the design for these areas. In February 2010, we completed and issued Design Development documents for the ATV Garage, the Dock House and the Main Residence renovations per our original contract. We also completed and issued the Plan Check drawings, including consultant engineering, for the entire Pool Area. Immediately after we issued those drawings, we were informed that Mr. Epstein put the work on hold. We were told by his team that he visited the Island for the first time in about a year and was considering a new direction for the proposed work on the Island.

You wrote that Mr. Epstein has spent "many wasted hours" trying get us "back on track." The fact is, since Mr. Epstein abandoned the original program for the Island, the design direction provided to Gensler has been totally inconsistent. All of our conceptual design work has been in a constant state of flux, with major features being added and excluded, and primary structures being relocated over and over again. In the past 6 months alone, we have provided over 40 plan sketches based on new direction from Mr. Epstein. This inconsistent

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direction has prevented us from moving some of the designs forward in a productive manner.

- In March 2010, we worked with Mr. Epstein's team at no cost, to develop some new options for the layout of the main residence area, after he abandoned the original program. This resulted in a new layout, with the pool being enclosed east of the main residence, and the screening room being partially below grade southeast of the existing pool.
- In April 2010, Mr. Epstein informed us that he was ready to move forward with this new design. However, Mr. Epstein's accountant, Rich Kahn, requested that we consider "discounting" our fees under the original contract by 10%, as a measure of good faith as we moved ahead. This request was made from purely a business perspective, and no mention was made by Mr. Kahn or anyone else on Mr. Epstein's team that there were any concerns about our services, or that Mr. Epstein was dissatisfied with us in any way. In the interest of our business relationship alone, we graciously agreed to provide Mr. Epstein a credit on outstanding invoices, and to discount the balance of our work if the project moved ahead with the original design.
- In June 2010, Doug Schoettle provided another new program for the project, this time moving the pool north of the main residence, and the screening room east of the main residence. Mr. Epstein retained Gensler to provide Conceptual Design services for this new layout in July 2010.
- In July 2010, we met with Mr. Epstein and his team on the Island. We reviewed the current design, and developed a new design direction. This time the pool remained north, but the screening room was below grade.
- In August 2010, after completing the previous conceptual design services, Mr. Epstein provided another new program for the Island. This time we were asked to look at converting the existing living room into a screening room (the new structure was omitted), and adding a new living room east of the main residence.
- In October 2010, we met with Mr. Epstein and his team on the Island, and again received a new design direction from the Mr. Epstein. This time we were directed to move the pool northeast of the main residence, move the living room south of the pool, and add a terraced garden north of the main residence.
- During the October 2010 meeting on the Island, Mr. Epstein requested proposals from Gensler to design three new areas for the Island: Guest Cottages, Spa, and Flagpole Pool.

Despite this effort and repeated requests from Mr. Epstein for our continued services, your letter incredulously states that "nothing of any useful value has been provided by your firm to enable my clients to progress any of the projects". Given the significant amount of design services we have provided to date, this is just not the case. Perhaps you are not

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aware that Mr. Epstein's team has used our design drawings to realize several built projects on the Island. If not, the following is a summary of Mr. Epstein's use of our deliverables, which is not all inclusive:

- They have been used to secure planning approval for various projects on the island.
- The Main Residence kitchen area was expanded using our design drawings.
- The stair and circulation path from the main residence down to the master bedroom area were constructed using our design drawings.
- The flagpole pool area, including the pool building and shade structure were constructed using our design drawings.

For each of these areas, I have approved work authorizations requesting our design services, significant correspondence between Gensler and Mr. Epstein's representatives coordinating the design, and records of issuances of drawings.

In your letter, you are requesting that we return \$100,000 to Mr. Epstein from the fees he has already paid. However, we have already provided services above and beyond what we were contracted for, without charge to Mr. Epstein.

- We did not invoice Mr. Epstein for work in the original contract that was not performed; we invoiced only for the portions of the work that were completed. Of the completed work under the original contract, we provided a credit of \$4,100 to Mr. Epstein. (We also offered an additional discount on the Construction Documentation phase if he continued with the original design, but he opted not to do that.)
- We provided approximately \$15,000 of conceptual design support between March 2010, when the time the original project stopped, and June 2010, when the new design program was provided, without charge to Mr. Epstein.
- During April and May 2011, we spent approximately \$20,000 on conceptual design services, trying to help Mr. Epstein to refine his design direction, again without charge to Mr. Epstein. (This was outlined in an email to Mr. Kerney, with a request that he do what he can to help us get to a final direction for the design.)
- We also provided ongoing additional design support throughout this project, between each of the formal work authorization phases, in an effort to help Mr. Epstein and his team move this project forward.

After the original design was put on hold, and our original services were discounted, Mr. Epstein retained Gensler eight times for additional design studies, over a nine month period, for a total of \$171,000. I trust you would agree that this is not the action of someone alleged to be dissatisfied with the quality of our work. To date, we have completed over 85% of this

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new work, all of which was approved by Mr. Epstein until recently, as indicated by his continued approval of new design contracts, and the payments on our invoices.

In your letter, you state the Mr. Epstein has paid us \$199,827.86 for design services in the past year. A portion of that was payment for work completed under our original contract, which Mr. Epstein elected to abandon. We have been paid only \$117,500 of the additional services that Mr. Epstein requested and approved. There is currently \$31,607.41 in outstanding invoices, for the services that we provided. Some of this is for main residence design services, some is for reimbursable expenses from our last trip to the island (at Mr. Epstein's request), and some is for flagpole pool area design work that was used for construction.

In an effort to terminate our current contracts as simply as possible, we are willing to equally split these outstanding invoices with Mr. Epstein. In consideration of this offer, please understand the fact that we have provided over \$40,000 in additional design services over the course of this project, that we have not billed Mr. Epstein for, as outlined above. We will not refund any previously paid fees to Mr. Epstein, given the tremendous amount of services and value we have provided to date, at his specific and repeated direction. If our offer of compromise is acceptable to your client, we will require a payment from you of \$15,800 (one half of the outstanding invoices), a release of claims pertaining to our services and, in the case that any of our plans provided to date are used for additional construction, a release of responsibility for any issues or other matters that might arise from such use, given that completion of the plans through plan check and permitting would be done by others, without our involvement.

Please confirm that these terms as outlined above are acceptable, and we will forward a formal release letter.

Thank you,

A handwritten signature in black ink, reading "Warwick Wicksman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Warwick Wicksman, AIA
Principal

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