

MEMORANDUM

To: Jeffrey Epstein
From: Ada Clapp
Cc: Eileen Alexanderson; Rich Joslin
Date: January 9, 2014
Re: Art Held in Narrows.

I. Organizational Structure/Purpose of Narrows.

Narrows Holdings LLC ("Narrows") was formed November 22, 1996 as a New York Limited Liability Company by Rubin Baum Levin Constant & Friedman. *Its principal purpose is the acquiring, owning, holding for investment, borrowing against (including for Leon's individual, personal benefit), and otherwise disposing of fine art of every type and description ("Investment Assets")*

Narrows is managed by the Members, unless the Members have elected a single Member to act as the Manager. Leon is an "Authorized Person" with power to make all decisions regarding the buying, selling, owning and pledging of "Investment Assets."

The original Members, Leon (99%) and Debra (1%), initially contributed \$70,000,000 of fine art. On June 27, 2012 Debra assigned her 1% interest to Leon but I have not seen documentation to this effect. Leon is now the sole Member.

The address of record for the LLC with New York State and the IRS is c/o Leon Black, 760 Park Avenue, New York, NY 10021

II. December 2, 1996 Contribution of Art to Narrows.

On December 2, 1996, Leon executed a "Bill of Sale" assigning to Narrows all warranties and title he held to the original works of art listed on Exhibit A. The document does not include an Exhibit A but there is attached a photocopy of portions of an appraisal (with certain works redacted) which I assume was intended to be Exhibit A.

On December 2, 1996, Leon and Debra executed "Bill of Sale" assigning to Narrows all warranties and title they jointly held to the original works of art listed on Exhibit A and any works owned by Debra individually as listed on Exhibit B. The document in our files includes an Exhibit A but does not include an Exhibit B.

Included on the Exhibits to the bill of sale are roughly 30 bronzes.

On July 30, 2012, Eileen sent an email to Tom Turrin indicating that she located a list of art that was contributed to Narrows on December 2, 1996, with a *pro forma* balance sheet attached (I do not have a copy of this document). Her email indicates that Ralph told her that normally there would be a schedule attached to the list with values to establish the cost basis of what is owned by the LLC. She queried whether Tom had such a list. Tom replied that he did not. After Tom reviewed Eileen's attachments, he replied that the *pro forma* balance sheet appeared to be based on then appraised values, not cost basis.

III. July 2012 Addition of Art to Narrows

I do not know whether Narrows was originally intended to be an investment entity but in July of 2012, Ralph Lerner advised Leon to assign all of his art, other than the Edvard Munch Leon just acquired, to Narrows in order to obtain additional privacy (when purchasing and selling art) and protection from potential creditors. Ralph noted that any individual piece could be distributed out to Leon if that was desired. He also noted that he was seeing a trend among his clients (two of whom were billionaires) to go this route.

On July 30, 2012, Leon, as sole Member of Narrows, executed a Resolution by Consent of the Members agreeing to an additional contribution of art by Leon to Narrows. Ralph drafted a Contribution Agreement worded to accommodate the fact that some art had already been contributed to Narrows in 1996. Leon signed the Contribution Agreement on July 30, 2012. The Contribution Agreement states that the works being contributed (to the extent not already owned by Narrows) are listed on Schedule A. Schedule A simply says "All right title and interest to all works or art owned by Leon D. Black not previously contributed to the capital account of the Company, excluding only Edvard Munch's *The Scream*." I do not have a copy of any formal assignment form or anything referencing the specific works contributed on July 30, 2012.