

PRIVILEGED AND CONFIDENTIAL

MEMORANDUM

TO: Greg Hodges, Esq. and George Dudley, Esq.

FROM: Darren K. Indyke

RE: Engagement of Dudley Topper and Feuerzeig, LLP by
Jeffrey Epstein, Financial Trust Company, Inc. and L.S.J., LLC

DATE: March 29, 2011

I have attached the executed retainer agreements for Jeffrey Epstein, Financial Trust Company, Inc. and L.S.J., LLC and look forward to working with you on these clients' matters.

In that regard, I have two matters which I would like to begin working on with you immediately. First, there is a matter of possible libel claims by Mr. Epstein and Financial Trust Company, Inc. against certain United States and UK media outlets as to which I would like to know initially what minimum jurisdictional threshold requirements must be satisfied to enable Mr. Epstein and Financial Trust Company, Inc. to sue in the USVI for libel.

Second, as I explained to you, Denise Francois has been representing Mr. Epstein and LSJ in a case against Fancelli Paneling, Inc. regarding defective millwork ultimately delivered to and improperly installed on Little St. James. Denise filed a complaint for negligence and breach of contract in favor of Mr. Epstein and LSJ as third party beneficiaries (Fancelli was a millwork subcontractor of J.P. Molyneux and Molyneux Studio, Ltd, who and which held themselves out as architects and designers and with whom and which Mr. Epstein and LSJ contracted directly - Greg and I spoke in some detail about the Molyneux last year) and then amended the complaint as a matter of right before it was actually served on Fancelli. Fancelli ultimately filed a "kitchen sink" Motion to Dismiss on a variety of alleged grounds, including, but not limited to, improper service, failure to include in the complaint a jurisdictional basis for suit in the USVI and lack of jurisdiction. We filed an opposition, and on March 10, 2011, Fancelli filed a reply after the filing deadline had expired, though within the time agreed to by the parties in a stipulated extension. On March 7, 2011, the Court rejected the stipulated extension and required Fancelli to file by March 10, 2011 a Motion for Leave to File Out of Time and also required that Fancelli establish in that Motion grounds for the Court to find excusable neglect for the late filing. Fancelli failed to file the Motion for Leave to File Out of Time by March 10, 2011 and instead did the following:

- On March 10, 2011, Fancelli filed a pleading entitled “Motion to Extend Time to Respond to File Motion for Leave”.
- On March 11, 2011, Fancelli filed an Amended Reply to Opposition to Motion to Dismiss with Points and Authorities.
- By letter dated March 14, 2011, Fancelli’s counsel Treston Moore submitted to the Court a proposed Order and argued for an extension of time to file an amended reply because the Reply filed on March 10, 2011 was incomplete due to complications involved in coordinating with Defendant’s “long time Counsel in New York (who) has a preferred way of doing things...”
- On March 14, 2011, Fancelli filed a “Motion to File Out of Time and for Acceptance Nunc Pro Tunc of Defendant’s Reply to Opposition to Motion to Dismiss with Points & Authorities”. The title or heading says Reply but page 1 of the text says “...(Amended) Reply to Opposition...”, so this was motion for leave to file the Amended Reply out of time and still not a motion to file the initial reply out of time.
- On March 15, 2011, Fancelli filed a Motion for Leave to File an Amended Reply with Points and Authorities.
- Denise filed our opposition to these subsequent motions today.

I will email you separately copies of all of these documents.

In connection with this case, I would ask that you first evaluate this mess of seemingly unauthorized filings by Moore, and Denise’s opposition to see if there is anything else that needs to be done. I would also ask that you evaluate whether a motion to amend the First Amended Complaint and a Second Amended Complaint should be filed (before the Court decides the Motion to Dismiss) to include the jurisdictional basis which Fancelli complained was missing from the First Amended Complaint. Also, if you feel that the filing should be made, I would ask your advice as to everything that should be included in the Second Amended Complaint that is currently missing from the First Amended Complaint. I will send you a copy of the First Amended Complaint as well.

To get you started on these matters, I would like to wire you \$5,000 against your future billings on these matters. Please send me wire instructions so that I may do so.

We also should probably have additional engagement letters or supplements to the existing engagement agreements relating to both the libel and Fancelli cases. Please email these to me, so that I can have them signed and returned to you.