

Draft of June 18th, 2013

THIS SETTLEMENT AGREEMENT AND RELEASE ("Agreement") is entered into as of this ____ day of June, 2013 (the "Effective Date"), by and among Fancelli Paneling, Inc. ("FPI"), Jean Pierre Fancelli ("JPF", and together with FPI, "Fancelli"), L.S.J., LLC ("LSJ") and Jeffrey Epstein ("JE", and together with LSJ, "Epstein").

WHEREAS, disputes have arisen between Fancelli and Epstein relating to, among other things, the fabrication, finish and installation by Fancelli of certain cabinetry on Little St. James Island in the United States Virgin Islands (the "Disputes"); and

WHEREAS, Epstein and FPI, as well as J.P. Molyneux Studio, Ltd., are parties to a lawsuit now pending before the Superior Court of the Virgin Islands, Division of St. Thomas and St. John, under Case No. ST-CV-443 (the "Lawsuit"); and

WHEREAS, the parties hereto (the "Parties") desire to settle all Disputes and the Lawsuit as provided in this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements, promises and other provisions contained herein, the Parties, intending to be bound, hereby agree as follows:

1. The Parties agree to settle the Disputes and the Lawsuit, upon, subject to and in accordance with the provisions of this Agreement.

2. At Fancelli's sole risk, cost and expense, and at no charge or cost to Epstein, Fancelli shall design, provide the specifications for, fabricate, ship and deliver to Little St. James Island in the United States Virgin Islands ("Little St. James"), install on Little St. James and finish on Little St. James a 30' x 50' room located in an existing building on Little St. James in accordance with the general design concept set forth on Schedule A attached hereto and the related attachments thereto, as such Schedule and attachments may hereafter be amended and/or supplemented from time to time by a writing signed by all of the Parties (the "Settlement Work"). Without limiting the generality of the foregoing, the Settlement Work to be performed by Fancelli pursuant to this Section 2 shall include, without limitation, the payment of all fees and costs, and the provision of all services, supervision, skilled labor, craftsmen, materials, tools and equipment, necessary for such design, specification, fabrication, shipping, delivery, installation and finishing. As more fully described on Schedule A hereto, the floors, walls and ceiling of the room are to be made of teak wood and the value of such teak wood room, as so designed, specified, fabricated, installed and finished will be between \$300,000 to \$500,000. The Proper Completion (as hereinafter defined) by Fancelli of the Settlement Work by no later than December 31, 2013 (the "Completion Date") is a material term of this Agreement. In order to ensure the Proper Completion of the Settlement Work by the Completion Date, promptly after the Parties execute this Agreement, but in no event later than ten (10) days after the Parties Execute this

Agreement, Fancelli shall deliver to Epstein for Epstein's written approval, which approval shall not be unreasonably withheld, a schedule setting forth in detail the dates of completion of each stage of the Settlement Work, including, without limitation, the dates of completion of each of the design, specification, fabrication, shipment and delivery, installation and finishing stages of the Settlement Work (the "Completion Schedule"). Once approved by Epstein, failure by Fancelli to comply with any specific date on that Completion Schedule shall be deemed a material breach of this Agreement.

3. Upon the completion on or before the Completion Date of all of the Settlement Work in accordance with the mutually agreed requirements of the Parties as described on Schedule A hereto and in accordance with the standards and practices applicable to craftsmen of high end custom millwork and cabinetry of a value consistent with the value of the Settlement Work as provided in Section 2 hereof (hereinafter referred to as "Proper Completion"), all claims that are, were, or could have been asserted in connection with the Disputes and the Lawsuit shall be released and extinguished, except for claims to enforce the provisions of this Agreement.

4. (a) Upon Proper Completion by Fancelli of the Settlement Work on or before the Completion Date, effective on the date of Proper Completion (the "Release Date"), each of Epstein and each of their successors, assigns, principals, heirs, executors and administrators (collectively, the "Epstein Releasers") hereby fully and irrevocably release each of Fancelli and each of their successors, assigns,

principals, heirs, executors, and administrators (collectively, the "Fancelli Releasees"), of and from any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, costs, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, whether direct, derivative, individual, representative, legal, equitable, or of any type, or in any other capacity, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law, for, upon or by reason of any matter, cause, or thing whatsoever in any way relating to, involving, referring to, arising out of, or based upon, directly or indirectly, any actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters or things whatsoever, or any series thereof, existing or occurring on or prior to the date hereof (hereinafter referred to as "Claims"), including without limitation those Claims relating in any way to the Disputes or the Lawsuit. Anything to the contrary in this Section 4(a) notwithstanding, nothing herein shall release the Fancelli Releasees from any of their respective joint or several obligations under this Agreement.

(b) Effective on the date on which the release provided in Section 4(a) hereof becomes effective, each of Fancelli and each of their successors, assigns, principals heirs, executors and administrators (collectively, the "Fancelli Releasors") hereby fully and irrevocably release each of Epstein and each of their successors, assigns, principals, heirs, executors, and administrators (collectively, the "Epstein Releasees"), of and from any and all manner of Claims, including without limitation those Claims relating in any way to the Disputes or the Lawsuit. Anything to the contrary in this Section 4(b) notwithstanding, nothing herein shall release the Epstein Releasees from any of their respective joint or several obligations under this Agreement.

5. (a) From and after the Effective Date, provided that Fancelli diligently and continually undertakes the Proper Completion of the Settlement Work and complies with the Completion Schedule, and accomplishes the Proper Completion of the Settlement Work by the Completion Date, the Epstein Releasors expressly covenant not to sue or initiate, prosecute, participate in or otherwise pursue any claim or cause of action against the Fancelli Releasees arising out of or relating to any action as to which a release has become effective pursuant to Section 4(a) of this Agreement.

(b) For so long as Epstein complies with the provisions of Section 5(a) hereof, the Fancelli Releasors expressly covenant not to sue or initiate, prosecute, participate in or otherwise pursue any claim or cause of action against

the Epstein Releasees arising out of or relating to any action as to which a release has become effective pursuant to Section 4(b) of this Agreement.

6. Provided that, from and after the Effective Date, Fancelli diligently and continually undertakes and accomplishes the Proper Completion of the Settlement Work by the Completion Date, the Parties agree to promptly request the Court presiding over the Lawsuit to continue the Lawsuit until the Release Date, and, on the Release Date, to dismiss the lawsuit with prejudice as to all parties to the Lawsuit and without costs as to any party to the Lawsuit, and to execute and deliver to each other and file with such Court any and all such documents as are reasonably necessary to effectuate such continuance and dismissal with such Court. Each of the Parties further agrees to execute and deliver such further documents and take such further action as any of the Parties may reasonably request to effectuate the purposes of this Agreement.

7. By entering into this Agreement, the Parties do not intend to make, nor shall they be deemed to have made, any admission of liability of any kind whatsoever. The Parties agree that they are entering into this Agreement for the purpose of settling the Disputes and the Lawsuit and to avoid further expense with respect to the Disputes and the Lawsuit.

8. The Parties agree that the existence, terms, and consideration given pursuant to this Agreement are strictly confidential and that this Agreement will not

be filed in any court, except in proceedings to enforce this Agreement. No Party may reveal any facts about this Agreement or the terms of the settlement provided for herein without the prior, written consent of each of the other Parties; provided, however, that a Party may disclose the facts about this Agreement or the facts about such settlement (i) to the Court presiding over the Lawsuit; (ii) to such Party's employees, accountants and attorneys who require the same for the purpose of performing their employment duties or providing professional services to such Party; (iii) to such Party's insurers or re-insurers; (iv) as required by any law, regulation, or rule of a court or government agency; or (v) in response to a duly authorized subpoena or court order. Before disclosing any facts about this Agreement or such settlement under provisos (ii) or (iii) above, the Party making the disclosure shall inform the receiving party of the terms of this confidentiality provision and shall take reasonable measures to ensure that the recipient agrees not to make further disclosures of the disclosed information. At least five business days prior to disclosing any facts about this Agreement or such settlement under provisos (iv) or (v) above (other than in connection with proceedings to enforce the provisions of this Agreement), to the extent permissible by law, regulation, rule of a court, court order or government agency, the Party making or asked to make the disclosure shall inform each of the other Parties of the proposed disclosure or request for information, and shall, at the request of any Party and at the cost of such requesting Party, file any disclosure or response to the request for information about the settlement or the terms of this Agreement pursuant to a motion or other

formal request that the information be maintained in confidence and/or held under seal.

9. The Parties agree that the prior drafting history of this Agreement shall not be used to construe any term of this Agreement. This Agreement has been negotiated by each Party and such Party's attorneys, and the language hereof will not be construed for or against any such Party as the principal drafter of this Agreement.

10. The individuals signing this Agreement and the Parties on whose behalf such individuals are signing hereby represent and warrant that they are empowered and authorized to sign on behalf of and bind the Parties for whom they have signed.

11. The Parties represent and warrant that, as of the Effective Date of this Agreement, they have not assigned, conveyed, or otherwise transferred the rights to any Claims to be released pursuant to Sections 4(a) and 4(b) to any other person or entity, nor shall they hereafter do so.

12. Each Party agrees that this Agreement shall be binding upon the heirs, successors, and assigns of each Party.

13. Each Party represents and agrees that such Party: (i) has fully reviewed this Agreement and has had the opportunity to seek advice by independent counsel of its choosing with respect to the same; (ii) fully understands the terms of this Agreement and has entered into this Agreement voluntarily without any coercion or duress on the part of any person or entity; (iii) was given adequate time to consider all implications of this Agreement prior to entering into it; and (iv) acknowledges that this Agreement supersedes all prior agreements between the Parties with respect to the subject matter hereof.

14. This Agreement constitutes the entire agreement among the Parties regarding the matters contained therein. Each Party acknowledges that such Party has not executed this Agreement in reliance on any representation, inducement, promise, agreement, or warranty that is not contained in this Agreement.

15. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures of this Agreement transmitted by fax and by email of pdf signatures shall have the same effect as original signatures.

16. This Agreement may not be amended or modified except by a written instrument executed by the duly authorized representatives of all of the Parties. Any waiver of any provision hereof must be in writing and signed by the duly authorized representative of the Party to be charged with such waiver. Any such

waiver shall be effective only in the specific instance and for the specific purpose for which such waiver is given. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

17. Any statements, communications or notices ("Notices") to be provided pursuant to this Agreement shall be in writing and sent by hand delivery or by reputable overnight courier to the attention of the Parties indicated below, until such time as Notice of any change of person to be notified or change of address is forwarded to all Parties:

(a) For Epstein:

Jeffrey Epstein
6100 Red Hook Quarter, B3
St. Thomas, USVI 00802

With a courtesy copy to:
Darren K. Indyke, Esq.
301 East 66th Street, 10B
New York, New York 10065

[REDACTED]

(b) For Fancelli:

[PLEASE INSERT NOTICE ADDRESSES]

With a courtesy copy to:

[PLEASE INSERT NOTICE ADDRESSES]

18. In the event of any claimed breach of this Agreement, any Party claimed to have been aggrieved shall provide the Party in breach with seven (7) business days written notice and opportunity to cure.

19. If any court proceeding is brought by any Party to enforce the provisions of this Agreement, then the prevailing Party shall be entitled to recover from the non-prevailing Party all of the prevailing Party's reasonable costs, fees (including, without limitation, reasonable attorney's fees), disbursements and expenses incurred in connection with such enforcement and proceeding.

20. This Agreement shall be governed by and construed in accordance with the laws of the United States Virgin Islands applicable to agreements entered into entirely within the United States Virgin Islands without regard to the principles of United States Virgin Islands law regarding conflicts of laws.

21. Each of the Parties irrevocably and unconditionally submits to the exclusive jurisdiction of any court sitting in St. Thomas, United States Virgin Islands over any proceeding arising out of or relating to this Agreement. Each Party agrees that service of any process, summons, notice or document in the manner provided herein for the giving of Notices shall be effective service of process for any court proceeding arising out of or relating to this Agreement. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any such court proceeding and any claim that any such proceeding has been brought in an inconvenient forum. Each Party agrees that a final, non-appealable judgment in any such court proceeding shall be conclusive and binding upon such Party and may be enforced in any other courts to whose jurisdiction such Party is or may be subject, by suit upon judgment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by themselves or their duly authorized representatives, as the case may be, as of the date of the day and year first above-written.

FANCELLI PANELING, INC.

By: _____
Jean Pierre Fancelli
President

JEAN PIERRE FANCELLI

L.S.J., LLC

By: _____
JEFFREY EPSTEIN
Manager

JEFFREY EPSTEIN

SCHEDULE A

**[DESIGN CONCEPT AS PREVIOUSLY SHOWN TO EPSTEIN TO BE PROVIDED BY
FANCELLI]**