

From: "Barry J. Cohen" <[REDACTED]>
To: jeffrey E. <jeevacation@gmail.com>
Subject: RE: Art in CLATs--PRIVILEGED AND CONFIDENTIAL
Sent: Friday, September 22, 2017 5:31:47 PM

I completely agree that we could use more clarity from Leon. I have thoughts on framing big picture estate issues, so we can discuss with Leon. I will call you up at some point to discuss to see if you can agree.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Friday, September 22, 2017 1:29 PM
To: Barry J. Cohen <[REDACTED]>; Melanie Spinella <[REDACTED]>
Subject: Re: Art in CLATs--PRIVILEGED AND CONFIDENTIAL

you and i totally agree. but since you said he has charitable goals what are they/ ?? !!! . again if we wants to get serious about this, I might be able to add some value if he is not going to spend the time. going back and forth is not useful. If and when ,and only when he wants to get serious about this . I will always be as helpful as i can be. how many art clats has heather seen. ? estate audits done. . with WELL KNOWN ART>

On Fri, Sep 22, 2017 at 1:20 PM, Barry J. Cohen <[REDACTED]> wrote:
Apologies, but that is not consistent with what Leon has told us. He has charitable goals as well. If I have misunderstood, I would like to be set straight.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Friday, September 22, 2017 1:18 PM
To: Barry J. Cohen <[REDACTED]>; Melanie Spinella <[REDACTED]>
Subject: Re: Art in CLATs--PRIVILEGED AND CONFIDENTIAL

there is a reason i have not engaged on this subject. and have no intention of doing so. one point. barry, as this is really a waste of time. the main goal is not to avoid estate tax. leons goal is to ultimately transfer the most value to the kids. . silly beyond belief. sorry

On Fri, Sep 22, 2017 at 12:32 PM, Barry J. Cohen <[REDACTED]> wrote:
Conversation with Heather and Alan:

- Art is valued on the same date for the estate as it is for a testamentary CLAT, even if the CLAT is not funded for years after death.
 - If the 6-month valuation is lower for the non-CLAT art, we will be obligated to use that valuation for everything, including the CLAT.
- Therefore, there is no chance of the art being valued at a high price for estate tax purposes and a lower price for the CLAT.
- Accordingly, we don't really care how long it takes the art advisory board to value the art.
 - Because the 2-year statute of limitations cannot be extended, even with taxpayer consent, the IRS must come up with a valuation within 2 years of filing.

- We do prefer a lower valuation for the CLAT so there is a greater likelihood of something going to the kids.
- There is a risk that the art could be sold for an amount below the valuation. Two mitigants:
 - If it is sold below our tentative valuation before filing, it is common to change such valuation in the filing.
 - If it is sold below the art board's valuation, that would be bad, but always a risk that is run with an estate selling assets.
- Agree that paying tax on art in fractional interests could be better, but it would lead to paying estate tax, whereas the CLAT route pays no tax.
- Giving fractional interests to the CLAT might also be attractive. We are not sure of LDB's appetite to put more art into the art partnership or other fractional interest mechanisms. Among other things, it creates financing issues.
- Agree that LDB is probably the best seller of art, so he should seriously consider doing it before death. Not sure he is amenable.

Barry J. Cohen |
 President and Special Counsel |
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 New York, NY 10022 |

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