
From: McCaffrey, Carlyn <[REDACTED]>
Sent: Thursday, January 31, 2013 9:32 PM
To: Jeffrey Epstein
Cc: Heller, Amy; Yopp, Mark; Kirschner, Elyse
Subject: FW: Re:

Here's a thought from Amy Heller, one of my partners.

Carlyn S. McCaffrey www.mwe.com

<=span style='font-size:10.0pt;font-family:"Tahoma","sans-serif"'>From: =eller, Amy
Sent: Thursday, January 31, 2013 4:29 PM To:</=> McCaffrey, Carlyn
Subject: RE: Re:

=/div>

<=span>

Amy E. Heller
McDermott Will & Emery LLP | 3=0 Madison Avenue, New York, NY 10173
[REDACTED] (p) <=span
+style='font-size:10.0pt;font-family:"Arial","sans-serif";color:blue'=|
+[REDACTED] (f) | [REDACTED] | =/span>www.mwe.com
+<<http://www.mwe.com>>

From: McCaffrey, Carlyn
Sent: Thursday, January 31, 2013 4=24 PM
To: Yopp, Mark
Cc: Rosen, Arthur; Heller, Amy; K=rschner, Elyse
Subject: FW: Re:

Can =ou find any authority under the NY sales tax law that;</=>

1. A sale between a grantor trust and its grantor is either subject to or not subject to the sales tax. or

2. If a grantor retained annuity trust is funded with art and the annuity payments to the grantor are subsequently funded with interests in that same art that:

<p>

a. the transfer to the grantor annuity trust is either subject to or not subject to the sales tax

<p>

b. the annuity payments made with interests in the art are either subject to or not subject to the sales tax

I know there is authority that grantor retained annuity payments funded with real estate interests will be subject to the real property transfer tax.

If you don't know what a grantor retained annuity trust is you can call either me, Elyse or Amy and we'll explain it.

Carlyn S. McCaffrey | Partner

McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173

[REDACTED] | [REDACTED] <mailto:[REDACTED]> | www.mwe.com

From: Jeffrey Epstein [mailto:jeevacation@gmail.com <mailto:jeevacation@gmail.com>]

Sent: Thursday, January 31, 2013 4:11 PM

To: McCaffrey, Carlyn

Subject: Re: Re:

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On Thu, Jan 31, 2013 at 5:05 PM, McCaffrey, Carlyn <[REDACTED] <mailto:[REDACTED]> > wrote:<p>

Yes - the trust pays and then Leon would pay if he took it back.

Remember when you're thinking about this issue that it's not really a substitution power. We refer to it as that but if you look at the trust language, you will see that that's not what it says. It says that the settlor has the power to reacquire and acquire trust property by substituting therefore other property of an equivalent value.

Carlyn S. McCaffrey | Partner

McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173

[REDACTED] | </=pan>[REDACTED] <mailto:[REDACTED]> | www.mwe.com
<http://www.mwe.com=target=>

&nbs=;

From: Jeffrey Epstein [mailto:jeevacation@gmail.com</=>]

Sent: Thursday, January 31, 2013 4:03 PM

To: McCaf=rey, Carlyn

Subject: Re:

=

so that the trust pays? then if leon wantss to=substitutii cash he pays. i am aware of 1031 = but I spoke to a calif sales tax person and she said not under substraion=provision. but could not point to authority either<=p>

On Thu, Jan 31, 2013 at 4:56 PM, McCaffrey, Carlyn [REDACTED]g=; wrote:

the person who pays the sal=s tax is the person who is acquiring the tangible personal property, i.e.,=the paintings. yes - it could happen multiple times just like it can=happen with individuals. If, for example, I hold a painting for inve=ment purposes and make a section 1031 exchange, I pay sales tax. If=I make a second 1031 exchange, I pay another sales tax, etc.</=p>

<=>Carlyn S. McCaffrey | Partner

McDermott Will & =mery LLP | 340 Madison Avenue, New York, NY 10173

[REDACTED] <te [REDACTED] | From: Jeffrey Epstein [mailto:jeevacation@gmail.com]

=b>Sent: Thursday, January 31, 2013 3:45 PM

To: McCaffrey, Ca=lyn

Subject:

my irs people , also now can't see substitution provision=causing sales tax , as it could happen multiple times over the life of the=trust, settlor could not be liable for sales tax , or is the trust t=e seller and the settlor the buyer?

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