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**From:** McCaffrey, Carlyn <[REDACTED]>  
**Sent:** Thursday, January 31, 2013 9:43 PM  
**To:** Yopp, Mark  
**Cc:** Jeffrey Epstein; Rosen, Arthur; Kirschner, Elyse; Heller, Amy  
**Subject:** FW: FW: Re:

Mark,

<= class=MsoNormal>while you're researching this issue, please also=see if there's any authority for imposing a sales tax on the foreclosure o= a lien on tangible personal property when the foreclosure results in the =ender taking title.

=span style='font-size:10.0pt;font-family:"Arial","sans-serif";color:navy=>Carlyn S. McCaffrey | Partner McDermott Will & Em=ry LLP | 340 Madison Avenue, New York, NY 10173  
[REDACTED] | <span>[REDACTED] <mailto:[REDACTED]>  
+</=pan> | www.mwe.com <http://www.mwe.com>

From: Jeffrey Epstein [mailto:jeevacation@gmai=.com]  
Sent: Thursday, January 31, 2013 4:38 PM  
To: Mc=affrey, Carlyn  
Subject: Re: FW: Re:

<= class=MsoNormal>

would there be a sales tax on foreclosures? &n=sp; sorry,

On Thu, Jan 31, 2013 a= 5:31 PM, McCaffrey, Carlyn <[REDACTED]> <mailto:[REDACTED]> > wrote:

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

Carlyn S. McCaffrey | Partner  
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<http://www.mwe.com= target=>

=nbsp;

From: Heller, Amy  
Sen=: Thursday, January 31, 2013 4:29 PM  
To: McCaffrey, CarlynSubject: RE: Re:

Can you put the art and possibly some liquid assets in an LLC?

</=>

Amy E. Heller<span>

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

[REDACTED] > (n) [REDACTED] > (f)  
<span> [REDACTED] <mailto:[REDACTED]> | www.mwe.com

From: McCaffrey, Carolyn

Sent: Thursday, January 31, 2013 4:24 PM

To: Yopp, Mark

Cc: Rosen, Arthur; Heller, Amy; Kirschner, Elyse

Subject: FW: Re: o:p>

Can you 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:

<span style='font-size:11.0pt;font-family:"Calibri","sans-serif";color:#1F97D'>

&nb=p; a. the transfer to the grantor annuity trust is either subject to or not subject to the sales tax

&nbsp; 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.

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From: Jeffrey Epstein [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]  
Sent: Thursday, January 31, 2013 4:11 PM  
To: McCaffrey, Carlyn  
Subject: Re:

understood,=Im in search of authority, if he had put the art in day one, there wouldn't be a sales tax. on contribution to the grat. would ther= have been on the pourover.? is there case law , ?=  my accts agree with me, but i pay them . so i discount it=/o:p>

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

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

<span style='font-size:11.0pt;font-family:"Calibri","sans-serif";color:#1F97D'>

Remember when you're thinki=g about this issue that it's not really a substitution power. We ref=r to it as that but if you look at the trust language, you will see that t=at's not what it says. It says that the settlor has the power to rea=quire and acquire trust property by substituting therefore other property =f an equivalent value.

Carlyn S. McCaffrey |=Partner

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

[REDACTED] <tel:[REDACTED]> | [jeevacation@gmail.com](mailto:jeevacation@gmail.com) <mailto:[REDACTED]=target=> ]

Sent: Thursday, January 31, 2013 4:3 PM

To: McCaffrey, Carlyn

Subject: Re:

so that the trust pays? &nbs=; then if leon wantss to substitutiie cash he pays. = i am aware of 1031 but I spoke to a calif sales tax person and she =aid not under substruion provision. but could not point to aut=ority either

On Thu, Jan 31, 2013 at 4:56 PM, McCaffrey, Carlyn <mailto:[REDACTED]> wrote:

th= person who pays the sales tax is the person who is acquiring the tangible=personal property, i.e., the paintings. yes - it could happen multip=e times just like it can happen with individuals. If, for example, I=hold a painting for investment purposes and make a section 1031 exchange, = pay sales tax. If I make a second 1031 exchange, I pay another sale= tax, etc.

=p class=MsoNormal style='mso-margin-top-alt:auto;mso-margin-bottom-alt:auto;margin-left:.5in'>Carlyn S. McCaffrey  
| Partner

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

From: Jeffrey Epstein [mailto:jeevacatio@gmail.com <mailto:jeevacation@gmail.com>]  
Sent: Thursday, January 31, 2013 3:45 PM  
=o: McCaffrey, Carlyn  
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 the seller and the settlor the buyer?

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