

STATE OF NEW YORK)
)
COUNTY OF _____)

AFFIDAVIT OF JUAN PABLO MOLYNEUX

JUAN PABLO MOLYNEUX, after being duly sworn, deposes and says:

1. I reside in the State of New York, and I have personal knowledge of the matters set forth herein.

2. I am the owner and president of J.P. Molyneux Studio, Ltd., which is incorporated and maintains its principal place of business in the State of New York ("Studio").

3. In 2005, Mr. Jeffrey Epstein ("Epstein") and I, and our respective companies, L.S.J., LLC ("LSJ") and Studio, entered into an agreement whereby, among other things, I and Studio would design the interior and exterior, and provide, through third party vendors and contractors, certain furnishings, furniture, fixtures and millwork for, a multi-million dollar high-end office/library structure to be located on Little Saint James Island known as the Office Pavilion.

4. In consultation with Mr. Epstein, I created the conceptual design, including cabinetry, entry doors, bookcases, bookshelves, columns, cornices, wood paneling and sliding window shutters, for the library in the Office Pavilion (the "Library Cabinetry"). My design for the library of the Office Pavilion, as agreed to by Mr. Epstein, required that the Library Cabinetry was to be a reproduction of the design, color, finish and proportions of the antique cabinetry, bookshelves, columns and wood paneling of the library at El Escorial in Spain. I also provided to Mr. Epstein my own drawing of the proposed Library Cabinetry. On the basis of both photographs of the library at El Escorial, and my drawing, Mr. Epstein approved the general design, color and finish of the proposed Library Cabinetry. Mr. Epstein and I later

agreed to certain refinements to that design which required that the columns and cornices included in the general design be intricately carved with representations of marine flora and fauna consistent with a tropical locale. Additional intricate wood carvings of the same tropical theme were to be applied at various places on the Library Cabinetry as well.

5. In connection with the performance of our agreement relating to the Office Pavilion, Epstein and I agreed that Studio would contract with Fancelli Paneling, Inc., a New York corporation (“Fancelli”), to fabricate, stain, finish, deliver and install the Library Cabinetry for the benefit of Epstein and LSJ. Fancelli holds itself out as skilled in intricate wood sculpting and specializing in the reproduction of fine antique cabinetry and woodwork. In fact, Fancelli’s website advertises that Fancelli’s “[t]eam of artisans, sculptors and cabinet makers uphold the tradition and carry on the sophisticated art of fine wood paneling that graces the walls of some of the world’s most beautiful interiors.” Fancelli’s website also advertises that its craftsmen are “able to carve intricate motifs as well as restore and replicate any antique design.”

6. Beginning in or about May 2006, Studio contracted with Fancelli to fabricate, stain, and finish the Library Cabinetry, and to deliver it to, and properly install it on, Little Saint James Island in the United States Virgin Islands. It was the clear understanding and agreement of Studio and Fancelli when they contracted that all of their contracts with respect to the Library Cabinetry were for the benefit of Epstein and LSJ and that the Library Cabinetry was to be installed and used in an air conditioned high-end office/library structure located in the tropical Caribbean locale of the United States Virgin Islands.

7. Fancelli fabricated and began the process of staining and finishing the Library Cabinetry in Italy, and in or about May 2009 shipped the disassembled pieces of the same in sealed crates to the United States Virgin Islands, where it was to be properly installed on Little Saint James Island, and the staining and finishing were to be completed.

8. Between May 2009 and March 2010, Fancelli proceeded to install the Library Cabinetry on Little St. James Island. As of the date of this Affidavit, however, Fancelli has failed to fully complete the proper installation, staining and finishing of the Library Cabinetry on Little Saint James Island in accordance with the requirements of the contracts between Studio and Fancelli, and, as installed, the Library Cabinetry is incomplete and defective in numerous respects, including, but not limited to, the following:

- A. The Library Cabinetry is discolored, its finish is incomplete, sloppy, unevenly and poorly applied, and the color and/or finish is completely absent in various places;
- B. Under Fancelli's contract with Studio, the Library Cabinetry was to be stained with darker colors and was to have a "wax finish". However, the Library Cabinetry has a light or transparent color and a badly simulated, inconsistent distressed finish, contrary to the color and finish of the cabinetry in the library of El Escorial, contrary to my rendering and design and contrary to the Studio's agreement with Fancelli;
- C. The method used to simulate the distressed finish, which was never agreed to by me or Studio and is itself a violation of Studio's agreement with Fancelli, incorporated a treatment which makes the wood of the Library Cabinetry

resistant to being re-stained and re-finished without first being stripped and sanded;

- D. As installed by Fancelli, the surfaces and edges of all of the woodwork throughout library, including, but not limited to, the areas around all of the windows, the door panels, the cabinets and the floor pieces of the Library Cabinetry, are rough, jagged, and poorly and unevenly sanded, several cracks and seams are evident in the columns of the Library Cabinetry and were present at the time they were installed, and one of the columns was carved by Fancelli with the words “ignoti nulla cupido” which neither I nor Studio authorized. All of this reflects a substandard level of workmanship inconsistent with the high standards required of Fancelli under its agreement with Studio, which Fancelli held itself out as being able to provide;
- E. The perforated panels at the tilt top desk panels throughout the Library Cabinetry are consistently unfinished on the right side. Pursuant to my and Studio’s design, Fancelli was required to fabricate the tilt top desk panels with perforations on both the left and right sides that were to be shaped like flower petals. Although the perforations on the left side of the tilt down desk panels fabricated and installed by Fancelli are shaped like flower petals, the perforations on the right side are simply drilled holes, and Fancelli improperly left carpenter’s guide marks apparent within the encircled areas defined by those drilled holes;
- F. Contrary to Fancelli’s agreement with Studio, the fabrication and installation of the sliding panels at the windows of the library are incomplete in that the exterior

sides (i.e., the sides facing out and viewable from the exterior when looking into the windows of the Office Pavilion) of the sliding panels are completely unfinished, leaving exposed plywood and hardware that can be clearly seen from the exterior of the Office Pavilion;

- G. As installed by Fancelli, the connecting hardware at the sliding panels at the picture window of the library was loose or broken, and the sliding window shutters on all windows are misaligned and rattle;
- H. Fancelli was required to install wood filler pieces behind the carved filigree frames around the sliding panels at the windows so daylight does not shine through. Fancelli's installation of the wood filler pieces is incomplete in that daylight continues to shine through in certain areas;
- I. There are numerous open joints in the woodwork throughout the Library Cabinetry, including, without limitation in several areas at the decorative cornices of the Library Cabinetry. These open joints were present when the Library Cabinetry was installed and reflect a substandard level of workmanship inconsistent with high standards required of Fancelli under its agreement with Studio, which Fancelli held itself out as being able to provide;
- J. Fancelli improperly installed the Library Cabinetry with numerous carved pieces of wood at the edges of the decorative cornices broken off;

- K. The decorative brass handles on the hardware holding the upper bookcases of the Library Cabinetry closed are poorly abricated and installed and are systematically coming off. The small screw pins holding the handles to the rods are not only backing out, but also shearing or breaking off. Under its contract with Studio, Fancelli is responsible for the provision, proper installation and proper functioning of all such hardware;
- L. The concealed hardware inside the swinging bookcases at the entry doors was improperly installed and is falling off. The keys that operate the locks on those doors are breaking and the keyhole escutcheons that Fancelli was required to provide are missing. Under its contract with Studio, Fancelli is responsible for the provision, proper installation and proper functioning of all of this hardware;
- M. As installed by Fancelli, the swinging bookcase doors at the entries to the library are misaligned;
- N. As installed by Fancelli, several cabinet doors throughout the library do not fit evenly and square within their frames;
- O. The overall workmanship and finish of the Library Cabinetry reflects a substandard level of workmanship inconsistent with the high standards required of Fancelli under its agreement with Studio, which Fancelli held itself out as being able to provide, and is wholly inconsistent with the quality of woodwork priced at well over three quarters of a million dollars.

9. Fancelli has claimed that it fabricated, installed, stained and finished the Library Cabinetry strictly in accordance with all of the designs and specifications provided to it by Studio and that Studio has fully approved the fabrication, installation, staining and finishing of the Library Cabinetry in its present condition on Little Saint James Island. Studio has also claimed that certain of the items identified in paragraph 8 of this Affidavit are not the fault of Fancelli, but instead a result of either (a) improper specifications and designs provided by Studio and myself or (b) the combination of high temperatures and high humidity levels inherent in Little Saint James' tropical climate, on the one hand, and efforts to maintain cooler air temperatures in the interior space at the Office Pavilion where the Library Cabinetry was installed, on the other hand. These claims are entirely without merit. As stated in paragraph 8, the items identified therein, are contrary to Studio's and my designs and specifications. Moreover, the items identified in paragraph 8 of this Affidavit existed at the time of installation and were not the result of any environmental conditions. In addition, it was the clearly understood and intended by Studio and Fancelli when they contracted that the Library Cabinetry was to be installed and used in a high-end office/library structure located in the United States Virgin Islands and would be therefore subject to temperature and humidity levels inherent in a Caribbean climate, as well as within an office structure in which air conditioning would be present. The Library Cabinetry should have been fabricated for such intended use, and Fancelli cannot now escape its obligations by blaming environmental conditions. Consequently, Fancelli continues to be obligated to properly and fully complete the fabrication, installation, staining and finishing of the Library Cabinetry, including, without limitation, by properly and fully correcting all of the items identified in paragraph 8 of this Affidavit.

11. Despite my and Studio's, and Epstein's and LSJ's repeated demands for Fancelli to correct the multitude of defects in, and to properly and fully complete, the fabrication, installation, staining and finishing of the Library Cabinetry as contracted, Fancelli refuses to do so without first being paid additional sums therefor. However, Fancelli has been paid all moneys to which it is entitled under its contracts with Studio and is not entitled to any additional sums to correct and properly and fully complete the Library Cabinetry in accordance with its contracts with Studio, including, without limitation, by properly and fully correcting all of the items identified in paragraph 8 of this Affidavit. Moreover, it is standard practice in Fancelli's industry that items of the type identified in paragraph 8 of this Affidavit are customarily corrected by the contractor at no additional charge.

12. Epstein and LSJ were the clear and intended third party beneficiaries of the contracts between Studio and Fancelli relating to the Library Cabinetry and are therefore fully entitled to enforce claims against Fancelli in connection with Fancelli's failures to perform its obligations under those contracts.

FURTHER AFFIANT SAYETH NOT.

JUAN PABLO MOLYNEUX

SUBSCRIBED AND SWORN TO
before me this _____ day of _____, 2010.

Notary Public
My Commission Expires:

Affidavit of Juan Pablo Molyneux
Epstein et al. vs. Fancelli Panelling, Inc.