

**To:** Jeffrey Epstein[jeevacation@gmail.com]  
**From:** Rich Kahn  
**Sent:** Tue 11/23/2010 7:09:53 PM  
**Subject:** SEED  
[Seed Summary.pdf](#)

I have summarized my areas of concern regarding you investing in Seed in addition to recapping some of the key financial information (see attached). The following are bullet points are areas that I would want clarification on from Adam directly if you were to proceed with investment:

- a) How was value of \$1,000,000 for 51% equity determined? Should be closer to 80%
- b) Do you have other investors looking at your company? If so what are terms?
- c) Do you have any personal wealth? If not please explain how you having been living the past 5-6 months without a salary.
- d) Do you understand SEED's and your personal liability and if company were to go bankrupt? (payroll taxes, factor - versant & landlord - meringoff)
- e) When you gave personally guarantees to factor and landlord did you show them statement of net worth?
- f) Are you aware of company's outstanding debt?
- g) Customers – GE represents 90% of 2010 revenues
- h) No repeat customers from year to year and direction of business changes every 6 months
- i) Over \$34,000,000 raised in debt and equity since inception and now the next \$1,000,000 is going to make company successful
- j) Projected shortfall from 11/22/2010 – 12/31/2010 is \$250,000 made up of the following:
  - a. Seed \$0
  - b. Science Blogs \$125,000
  - c. Planet \$125,000

**Thoughts on Provisions for a deal**

- k) Adam sweat equity – no salary until:

- a. JEE 300,000 repaid with accrued interest
  - b. Company is cash flow positive and preferred coupon of at least 10% per annum is paid on JEE investment
  - c. Adam future equity in deal should be earned as JEE is repaid and company is profitable
- l) Accounting Department needs changes
  - a. Vera should not be a part time employee
  - b. Bookkeeper in Montreal makes no sense
- m) Adam would have no check writing authority / direction of expenses paid
- n) Payroll taxes must be done by ADP and paid timely
- o) JEE investment would be funded monthly based on cash flow projections
- p) RK to review cash disbursement weekly to ensure only scheduled payments were made
- q) JEE would have no payroll tax liability from past
- r) Entire debt on books as of today would be eliminated and converted into remaining 49% equity along with existing shareholders
- s) JEE would be decision maker either thru sole General Partner / A Member or provisions of new operating agreement that must be drafted
- t) Projected business for 2011 must be signed by 12/31/2010
  - a. Bausch and Lomb – at least \$170,000 (50,000 upfront and 10,000 per month x 12 months)
  - b. GE – Extension of 75,000 per month and additional business of at least
  - c. Amway
  - d. Deal with National Geographic to take on Science Blogs expenses
- u) Science Blogs and Planet will not be funded from Seed – different owners and should not drain new company
- v) Adam employment agreement must be terminated immediately and rewritten
- w) CFO Vera and Adam accrued old payroll / expenses that has not been paid must be eliminated:
  - a. Vera – approximately 50,000

b. Adam – approximately 100,000

x) New entity be formed so that all liabilities of old company do not follow JEE investment

Let's discuss

Rich Kahn

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