

To: Jeffrey Epstein[jeevacation@gmail.com]
From: Farkas, Andrew L.
Sent: Thur 9/23/2010 4:24:18 PM
Subject: FW: WICO / EDC

Please see the attached. While this email needs to be kept confidential (i.e. while it should not be forwarded to anyone) I was hoping that you might read it and convey its sentiments to the governor.

From: Mukamal, Thomas
Sent: Thursday, September 23, 2010 12:20 PM
To: Farkas, Andrew L.
Cc: Garrison, Frank
Subject: WICO / EDC

Andrew –

I had two meetings this week in St. Thomas. One with WICO and one with the EDC. I want to summarize the conversations in the event you hear from Ed Thomas. Preface your reading of the points below – all was delivered in an extremely polite and professional manner with smiles and handshakes. I was also very careful in all instances to draw a distinction between YHG retail and marina.

I met with Ed and Gershwin and conveyed the following:

- As far as the retail goes, the property is barely hanging on to its key tenants most of whom who have agreed to stay one last season and if they terminate their leases in 2011, its unlikely marquis national retailers will return in the near future
- IGY has supported YHG financially, continues to do so and its plans are to continue to do so – however, despite our success at the marina, we have obligations to our stakeholders to justify our decisions on the upland and the lack of meaningful support from local interests makes that decision increasingly difficult.
- I have personally watched what happens when a cruise ship unloads and if something doesn't

change – it is my personal view that YHG will never get the foot traffic to support the retail and satisfy our tenants.

- The water taxi has been shut down for what appears to be political reasons and the taxi drivers don't or won't support our property
- We currently don't compete with Havensight on a product basis but if we lose our key tenants, we will be forced to rent to lower end merchants which would likely impact Havensight's business
- Cruise ships can elect to go to Crown Bay, and that WICO needs to recognize that YHG is not being used properly by WICO to retain/grow its core business and support business at Havensight long term.
- Given the rent discounts we have been forced to give to our tenants and the foregoing, we want an immediate reduction in our rent (minimum 50%). We are open to a host of structures on the upland to potentially partner with WICO and other stakeholders to make the project successful and to restructure our rent obligation, but we want immediate relief before we could have a meaningful discussion
- I would agree to show Ed financials for YHG if he signed a new NDA and was interested in understanding the reality a bit better so he could have some context when deciding to lower our rent.

Ed vented for a while on the past and agreed to the following: (i) he signed a contract allowing us to install signage on the WICO dock (it's been ordered and will be up for the season) (ii) he agreed we could operate a trolley from Havensight Mall to YHG in a loop at our cost (we are putting this together now and I will hopefully fly back to ST. Thomas to have him sign an agreement if we can get this proposal together to operate by November 1 which is our goal) (iii) we can operate in some fashion by the Sugarmill to attract more customers on an informal basis and if WICO is unhappy with what we are doing, then Ed needs to call me to discuss it (iv) he would bring the rent abatement to the board and answer the third week on October.

I had a similar although far less detailed conversation about the state of the retail with Percival Clouden at the EDC when asked how things are going at YHG. I am not sure how much reality

has been delivered to these people but issues with our tenants are no secret on the island. I just wanted you to have the heads up in case you get a phone call.

Thanks,

Tom