
From: Jennie Enterprise [REDACTED]
Sent: Tuesday, March 8, 2016 4:10 PM
To: Jeffrey Epstein
Subject: Fwd: Revised CORE/NM Investment Structure

Hi Jeffrey ! Forgot to send you this last weekscroll down to Bruce March 3rd email to me which i forwarded to Russ
....fingers crossed we will hear today or tomorrowLove you !

CORE: Jennie Enterprise |
@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 | [REDACTED]
[REDACTED] www.coreaccess.net
<<http://www.coreaccess.net/>> |

Begin forwarded message:

From: Russ Stein [REDACTED]
Subject: Re: Revised CORE/NM Investment Structure

Date: March 3, 2016 at 7:05:21 PM EST

To: Jennie Enterprise [REDACTED]

Cc: Nicholas Dykstra [REDACTED] Max Cole [REDACTED]
[REDACTED] Cori Flanders [REDACTED] Dangene and
Jennie Enterprise [REDACTED] Daniel Rabia
[REDACTED]

Thank you.
We are reviewing and should be ready to chat Tuesday or Wednesday next week.

From: Jennie Enterprise
Sent: Thursday, March 3, 2016 3:53 PM
To: Russ Stein
Cc: Nicholas Dykstra; Max Cole; Cori Flanders; Dangene and Jennie Enterprise; Daniel Rabia
Subject: Fwd: Revised CORE/NM Investment Structure

Hi Russ ! We asked Bruce to elaborate on how this specific structure insulates Nathan from any and all legacy
issues ...see below responseThanks Jennie

CORE: Jennie Enterprise |
@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 | [REDACTED]
[REDACTED]

[REDACTED]
www.coreaccess.net <https://urldefense.proofpoint.com/v2/url?u=http-
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b8pvrOE6Pzh6mW4GzW0Oz0p7WCzzOHh4cHELpbQXTE&e=> |

Begin forwarded message:

From: "Davison, Bruce C." [REDACTED]

Subject: RE: Revised CORE/NM Investment Structure

Date: March 3, 2016 at 6:33:57 PM EST

To: "Jennie Enterprise" [REDACTED]

[REDACTED] Dangene and Jennie Enterprise

"Daniel Rabia" [REDACTED]

Cc: "Ross, Rick" [REDACTED]

"Beirne, Kristina E." [REDACTED]

Jennie:

You have requested that we confirm our discussions about how this structure insulates Investor from cancellation of indebtedness income ("CODI") on the AES Debt, the RFD Lease Obligations and the Founder's Debt (collectively, the "To Be Discharged Debt").

Under this structure, Newco does not (1) assume any of the To Be Discharged Debt, or (2) acquire any entity which is liable for any of the To Be Discharged Debt, or (3) acquire any assets which are pledged to secure any of the To Be Discharged Debt. Because Newco is never liable for or subject to any of the To Be Discharged Debt, Newco does not have and could have not have CODI with respect to the To Be Discharged Debt. Accordingly, Investor does not have and could not have CODI with respect to the To Be Discharged Debt. Further, Investor obtains an interest in the Core IP, which achieves Investor's business objective. We think that this structure is exactly what Investor's advisors are looking for here.

Bruce C. Davison

[REDACTED] US Internal 22514
[REDACTED]

Bio <https://urldefense.proofpoint.com/v2/url?u=http-3A__www.dentons.com_ch.aspx-3Demail-3DbBruce.davison-40dentons.com-26action-3Dbiolink&d=BQMgaQ&c=f_hce7QtucnhnFZbRZTIIH6nx5mag1_14FtEFKpmHCl&r=sHkDbVaRbHTU2yB1uXoj3xN9zydtJgXourDPFPE2F7o&m=ovY3jvEBWE2E0fDaCL7C5Jn6N_D7iai8GUnoF_9HWgw&s=Fx7MVBCsILA0B9mOaChonOOYIrgclZAIJ0SDP_E7jR4&e=>> | Website <https://urldefense.proofpoint.com/v2/url?u=http-3A__www.dentons.com_ch.aspx-3Demail-3DbBruce.davison-40dentons.com-26action-3Dbiolink&d=BQMgaQ&c=f_hce7QtucnhnFZbRZTIIH6nx5mag1_14FtEFKpmHCl&r=sHkDbVaRbHTU2yB1uXoj3xN9zydtJgXourDPFPE2F7o&m=ovY3jvEBWE2E0fDaCL7C5Jn6N_D7iai8GUnoF_9HWgw&s=Zl3wixweN_efl88IFNTlwCtz1VC1xS8BjkK69ogvDJA&e=>>

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From: Beirne, Kristina E.

Sent: Tuesday, March 01, 2016 12:25 PM

To: Jennie Enterprise [REDACTED] Dangene and [REDACTED]

Cc: Ross, Rick; Davison, Bruce C.

Subject: Revised CORE/NM Investment Structure

Based on our discussions with you and Daniel we understand that Russ and his team would prefer a structure which avoids any residual risk related to The Core Club 55th Street's (the "Club Entity") and its related parties' liabilities for historical pre-closing periods. To that end, we have revised our proposed structure as described below and in the attached chart, to move closer to an "asset deal", leaving all historical liabilities behind. You will see that, as proposed below, we have chosen The Core Club IP, LLC ("TCC IP") as the entity through which you owns your share of the JV and which contributes all of its assets to the Newco. As you know, TCC IP is a "clean" entity which has no

outstanding liabilities (tax or otherwise) and only serves as one of the guarantors for the AES loan which is being forgiven as part of the transaction and it owns all of the relevant intellectual property.

The reason why the invested funds from Nathan's entity are received while one of the existing entities is still in the current ownership chain is related to the need to preserve your ability to utilize the NOLs to shield income you will receive as a result of the transaction. Please note that any asset transfer from the Club Entity to Newco was not feasible because RFR strongly objects to any payment being made to RFR flowing through the Club Entity, whose creditors might seek to avoid such transfer(s) in the future. We believe, however, that our proposed structure outlined below (which creates a form of "synthetic equity") puts you and Nathan into the same position (economically and from a governance perspective) as if you both owned the Club Entity's equity directly.

You will also see that we have provided for a warrant structure below which is designed to serve as extra "insurance" to give Nathan the flexibility that if there is ever a scenario where it is more beneficial to him to have "real" rather than synthetic equity ownership in the Club Entity, he will have the option to acquire an actual equity interest. Of course, as always, we would be happy to discuss any questions or comments you and/or Russ may have in connection with this proposed structure - nothing is cast in stone, we are looking for a structure that will make all parties most comfortable and allow for a successful collaboration in the future.

1. TCC IP forms Newco as a new wholly-owned subsidiary.
2. Investor makes a convertible loan to Newco of \$6 million.
3. TCC IP contributes the IP and know-how it owns to Newco as a capital contribution (but expressly leaves behind any and all liabilities including tax liabilities and founders liability--of which it should have none anyway, as they are at the sister or parent level).
4. Newco acquires the AES Loan for \$4.9 million and immediately forgives the AES loan. Newco pays JE compensation of \$100,000 for services rendered. Please note that this money will be used to purchase the TCCI and TCGM equity interests as stated in 5 below.
5. JE acquires RFR's interests in TCCI and TCGM for \$100,000 (in the aggregate).
6. Newco pays TCCI expenses and reimburses JE for TCCI expenses previously paid by JE (\$1M in the aggregate).
7. Investor converts convertible loan in exchange for 49% of Newco. Newco's LLC Agreement is amended and restated to include governance and exit provisions as previously discussed with your team (and reflected in the draft JV Agreement previously sent to you).
8. Newco enters into perpetual license with The Core Club 55th Street (the "Club Entity") to license back the IP to the Club Entity (for use in the NYC Club).

- The License will also provide that any future know-how and IP generated by the Club's operations will be owned by Newco. Please note that we anticipate that, to the extent any future new club (which would be owned by a third-party) would utilize employees of the Club for staff training or other consulting purposes, these services would be subject to a separate consulting or service fee payable from such third-party to the Club Entity.
- The License will provide that Newco as licensor will receive periodic payments (or payments upon a capital event) of fees from the Club Entity in an amount equal to the net operating profits (subject to the restrictions imposed by the "Schmuck Insurance") to put Investor in the same position economically as if he owned his 49% interest in the Club Entity directly (rather than through this License structure).
- The License will contain provisions that incorporate the equivalent of the governance and information provisions (budgets, financial information etc.) so that Newco as licensor (and therefore indirectly the Investor) has the same rights Investor would have if he owned his interest in the Club Entity directly.
- Parties will enter into a separate warrant or equivalent agreement that allows Investor to purchase 49% of the Club Entity for \$100 in connection with (and immediately prior to) certain exit events, such as a sale of the Club Entity. This is designed as extra protection in the event it would be more beneficial for the Investor to be a direct equity owner of the entity rather than to rely on the license provisions mentioned above.

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