
From: [REDACTED]
Sent: Tuesday, February 23, 2016 11:39 PM
To: jeffrey E.
Subject: Fw: Core Club

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Sent from my smartphone.

From: Russ Stein <[REDACTED]>
Sent: Tuesday, February 23, 2016 17:45
To: Nathan Myhrvold
Subject: Core Club

Hi Nathan,

FYI, we did a call today wi=h Jennie, her CFO, Dan, and their tax counsel at Denton's.<=p>

During the call it became a=parent to Jennie that her counsel had flipped the tax structure twice in w=at they sent us. They originally attempted to not have Cancellation of Indebtedness Income (CODI) which they then changed to a st=ecture that affirmatively attempted to force CODI. Her counsel also apologize=d for not having informed us that he had flipped the structural approach=previously and the concern that that change had caused. During the call her counsel then also asked to bra=nstorm with us on a third structure he had thought of with a different COD= timing approach.

Jennie recognized on her ow= during the call that her advisers kept changing the tax structure in a wa= that way that could expose you.

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I am speaking with Jennie l=ter today and I intend to say the following:

1. The =roposed structures are not nailed down enough to protect you from historic=l tax risk –she already recognizes this.
2. A wa= forward would be for us to only have you potentially invest in a new stru=ture that did not have the historical risk –as we had proposed originally. She could then use the proceeds to buy out her partner but wit=out involving you or your ownership, or,
3. Her =ide could really bake the structures, file the historical returns and also=resolve how we can all be comfortable that the landlord and lenders are reporting matching economic results to the IRS.

Please let me know if you recommend a different approach.

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