

**From:** Jeffrey Epstein <jeevacation@gmail.com>  
**Sent:** Friday, September 20, 2013 10:39 PM  
**To:** Alan S Halperin; Melanie Spinella  
**Subject:** Re: Sales Tax

no reason to retain them, that i can find, leon you =nd i need a discussion.

Ahhh.... Thanks. While Deloitte has=the experience and judgment, I don't think they had anything to add on=the specific substantive issues (beyond what we knew). The insurance analogy, while thoughtful, turned out not to work. The suggestion that the grant=r continues to own the interest was rejected by others and, in my view, raises the specter of estate tax inclusion. Will you be retaining Deloitte? Given Amanda's commitment to give you the ruling, and given the lack of =favorable authority, I think Ada's version is quite good.

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From: "Jef=rey Epstein" [jeevacation@gmail.com <mailto:jeevacation@gmail.com>]  
Sent: 09/20/2013 06:08 PM AST  
To: Alan Halperin  
Subject: Re: Sales Tax

should we have deloitte put together their arguments , as =pposed to adas no consideration . theirs was more regarding tranferi=g his right pocket to his left. my concern was that if the trust ass=ts were always in some sense his, do we need to worry about 2036.

On Fri,=Sep 20, 2013 at 6:04 PM, Alan S Halperin <[REDACTED]> </=> wrote:

Jeffrey, I have become quite good at interpreting your emails. But this last one has stumped me. I do not have any idea what you mean by: "what about the argument, do we deloitte to try. what about 2036 vs still his?" Kindly spend three minutes and spell out your thoughts when you have a moment. Thanks. Alan

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From: =A0 "Jeffrey Epstein" <jeevacation@mail.com <mailto:jeevacation@gmail.com> >  
To: Alan S Halperin/PaulWeiss@PaulWeiss  
Date: =A0 09/20/2013 05:57 PM  
Subject: Re: Sales Tax

what about the argument, do we deloitte to try.=A0 what about 2036 vs still his?

On Fri, Sep 20, 2013 at 5:45 PM, Alan S Halperin <<=font>[REDACTED]><mailto:[REDACTED]> wrote:

I thought Ada's first draft was very good. It reflected my input. I told her to remove the reference to defective grantor trust. Also, as noted on the call, the trust should be the taxpayer requesting the opinion. I assume that you continue to believe that your other client should be the applicant. Correct?

Is my freeze partnership gaining any traction with you.

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From: "Jeffrey Epstein" <jeevacation@gmail.com <mailto:jeevacation@gmail.com> >

To: Alan S Halperin/PaulWeiss@PaulWeiss

Date: 09/20/2013 05:28 PM

Subject: Re: Sales Tax

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Please have them draft something you could live with . Leon will decide whether to file

On Friday, September 20, 2013, Alan S Halperin wrote:

Hi Jeffrey. I thought our call with Deloitte was quite productive. Please note that, as described below, the insurance analogy is not helpful. The reason is that there is a specific rule with insurance. The fact that there is an express carve-out for insurance, but not in the substitution scenario, suggests that we should not use the former as analogy to support the latter.

Tax Regs. Sec. 526.7(a)(5) provides the following, along with two examples:=/font>

The term "sale" does not apply to the transfer of tangible personal property to a carrier, repairman, warehouseman or insurer by the owner of the property after payment for damages thereto or loss thereof.

Example 1: A carrier while transporting tangible personal property for a customer, damages the property. The carrier then makes a cash payment to the customer for the amount the customer paid for the property, and retains the damaged property. The retention of the property by the carrier is not a sale.

Example 2: A motor vehicle is damaged in an accident, and the insurer considers it a total loss. The insurer pays the owner cash, and takes the vehicle. The taking of the vehicle by the insurer is not a sale. The purchase of another vehicle by the owner of the damaged vehicle, with the proceeds of the insurance, is a retail sale.

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