
From: Barry J. Cohen [REDACTED]
Sent: Friday, September 22, 2017 5:17 PM
To: Jeffrey E.
Subject: RE: Art in CLATs--PRIVILEGED AND CONFIDENTIAL

Then I have misunderstood your past comments. I wrote this to address multiple issues I thought you specifically raised. If there are issues I have not addressed, let know.

From: Jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Friday, September 22, 2017 1:15 PM
To: Barry J. Cohen [REDACTED]
Subject: Re: Art in CLATs--PRIVILEGED AND CONFIDENTIAL

thanks , i am aware of each point. . most not relevant .. sorry

On Fri, Sep 22, 2017 at 12:32 PM, Barry J. Cohen [REDACTED] > wrote:

Conversation with Heather and Alan:

- * Art is valued on the same date for the estate as it is for a testamentary CLAT, even if the CLAT is not funded for years after death.
- * If the 6-month valuation is lower for the non-CLAT art, we will be obligated to use that valuation for everything, including the CLAT.
- * Therefore, there is no chance of the art being valued at a high price for estate tax purposes and a lower price for the CLAT.
- * Accordingly, we don't really care how long it takes the art advisory board to value the art.
- * Because the 2-year statute of limitations cannot be extended, even with taxpayer consent, the IRS must come up with a valuation within 2 years of filing.
- * We do prefer a lower valuation for the CLAT so there is a greater likelihood of something going to the kids.
- * There is a risk that the art could be sold for an amount below the valuation. Two mitigants:
 - * If it is sold below our tentative valuation before filing, it is common to change such valuation in the filing.
 - * If it is sold below the art board's valuation, that would be bad, but always a risk that is run with an estate selling assets.

* Agree that paying tax on art in fractional interests could be better, but it would lead to paying estate tax, whereas the CLAT route pays no tax.

* Giving fractional interests to the CLAT might also be attractive. We are not sure of LDB's appetite to put more art into the art partnership or other fractional interest mechanisms. Among other things, it creates financing issues.

* Agree that LDB is probably the best seller of art, so he should seriously consider doing it before death. Not sure he is amenable.

Barry J. Cohen |

President and Special Counsel |

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