
From: Richard Kahn <[REDACTED]>
Sent: Friday, August 25, 2017 9:27 AM
To: Jeffrey Epstein
Subject: Fwd: Next

Please advise. Thank you.

HBRK Associates Inc.
575 Lexington Avenue, 4th Fl=or
New York, NY 10022
[REDACTED]
[REDACTED]
[REDACTED]

Begin forwa=ded message:

From: Neale=Attenborough <[REDACTED]>
Date: August 24, 2017 at 4:50:55 PM EDT
To:=/b> Richard Kahn <[REDACTED]> <mailto:[REDACTED]> >
Cc: Chris Lawler <[REDACTED]> >
Subject:

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I look forward to our conve=sation.

For the record, we did actu=lly pay \$18MM for 42% of this business in 2008. At the time that repr=sented an ~8x multiple of EBITDA. That is not a fictitious number. In addition we did receive a bid for about the same amount fr=m Open Gate Capital, a reputable private equity firm. I do not unders=and why you say that ii is "hardly legitimate". While=I did say we didn't expect to receive what we paid, I did not say it was immaterial.

I don't follow most=of what you say below and look forward to hearing your clarification. =However, can you please clarify one statement specifically? What do you mean when you say the current receivables have not be reviewed in ye=rs?

Thanks,</=>

Neale

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From: Richard Kah= [REDACTED]
Sent: Thursday, August 24, 2017 3:45 PM
To: Neale Attenborough
Cc: Chris Lawler
Subject: Next <mailto:[REDACTED]>

confirmed thank you

We have reviewed your statements that you sent to us along with the K-1's and some financials. Frankly, some of the numbers are inaccurate as a result of millie. Your annual financial statements were reviewed but not audited - shame on all of you... Your calculation of Ebitda includes things like adding back foreign exchange costs? board fees etc. That is not the way we look at what is unfortunately for all merely a personal service business.

Faith and Joel make up the business, nothing more.&nb=p; We calculate the Ebitda, which we think is an odd way of measuring value of a personal service biz with lots of competition and small growth opportunities if any. Giving you the benefit of the doubt, and ignoring how much you paid or if some of that money was repaid directly to the former owners of Claxon and not truly understanding what you described as a fixed tax payment per quarter (ie based on what I think looking back over the past three years) ebitda looks like 4-5 million. We have bought many small biz and usually pay mom and pops for 1- 3 times ebita or more usually 4 times net income. We are finding it difficult to get more than a 15 million total value for Next (not including liabilities). The 18 million dollar bid that you mentioned Faith said was hardly legitimate. I think further review of the accounting tax etc. is probably a waste of all our time. As you rightly said, what you initially paid is somewhat if not totally immaterial to today's value. You have not factored in the liabilities,&nbs=; both reputationally and fiscal yet. I think the 5 million cash offer or 6m over time is fair. I look forward to our conversation on Tuesday. As another note, the current receivables have not been reviewed for years...

Rich

On Aug 24, 2017, at 3:28 PM, Neale Attenborough <<= href="mailto:[REDACTED]> wr=te:

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