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**From:** Barry J. Cohen [REDACTED]  
**Sent:** Thursday, June 29, 2017 6:57 PM  
**To:** jeffrey E.  
**Subject:** Art/DAFs--PRIVILEGED AND CONFIDENTIAL

When Leon wants to sell art at a gain, I think he should first give it to a donor advised fund (DAF), and let the DAF consummate the sale. Then he can use the proceeds to make charitable his normal donations through the DAF. He avoids all capital gains taxes. He gets to deduct only his basis (because of the tax rules on donating collectibles), but I think he's still better off.

Right now, he sells art with a gain and pays taxes, and donates to charities with after tax dollars.

#### Downsides

- \* He can't use a DAF to pay off charitable pledges. However, he has plenty of non-pledge charitable activity
- \* If the charity is an art charity and will accept a painting, it might be better for him to donate the painting directly to the charity.  
The charity actually gets the donation from the DAF, not LDB. Most DAFs let the donor establish a named foundation or fund ("Leon Black Family Fund") and the transmittal letters have both the DAF name and the donor supplied names on them.
- \* The DAF actually has to sell it through Sotheby's or whatever and will charge a little extra to make that happen. In reality, we will set up the entire sale with Sotheby's, and the DAF will just collect a check. The handling charge from the DAF should be small.

Am I missing anything?

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