
From: Noam Chomsky <[REDACTED]>
Sent: Saturday, July 7, 2018 9:43 PM
To: jeffrey E.
Cc: Valeria Chomsky
Subject: Fwd: Marital Trusts

Proposed letter to Max, as just explained. What do you think?

Before responding to your letter in full, I would like to clarify a few matters. Interspersed below.
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Noam

----- Forwarded message -----

From: Max Kohlenberg <[REDACTED]> >>
Date: Sat, Jul 7, 2018 at 4:43 AM
Subject: Marital Trusts
To: [REDACTED]

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Noam <=u>

Thank you for your reply.=C2◆ As you indicate that you are not being represented by counsel I will=reply directly to you, with a copy to Rich (as you suggest). Please consider:

=span>1. =C2◆ As a starting point,=let me note that I think you and Rich may have misunderstood (at least initially) the terms of the settlement that Harry proposed through his attorney. Rich and I discussed this in a call about 10 days ago and I'm hoping that misunderstanding has been cleared up, b=t as I'm not a party to your exchanges (and Rich's exchanges) with Harry's attorney I can't be sure. I'= also not certain whether the terms of the proposed settlement have changed. All I can=say for sure is that characterizing the offer as one in which distribution= to you cannot exceed \$100K per year is not consistent with my understandi=g of what has been offered.

The reason why the proposal is too outrageous t= discuss has nothing to do with the technicalities of the handout that Harry is graciously offering. I'll review the background, once again=

As I've discussed before, the Marital Trust was established=in Carol's name for tax purposes. The obvious intention, clearly=understood by Carol and me, and of course Eric Menouya, was that it would =e available to the survivor -- Carol we assumed -- and then what remains w=uld go to the beneficiaries. The idea that we intended that Carol wo=ld control

"her" funds and I would control "mine" is to be ludicrous to discuss, though I understand the legalistic conjuring that can be adduced to reach this conclusion.

When I appointed Harry to replace me as trustee, I took for granted that he would handle the trust as I had. His behavior since, and this latest proposal, make it very clear how wrong that assumption was. This proposal calls for him to be in complete charge, which means, as he has shown, that I can only proceed for some funds by accepting conditions that he knows I will not accept. You recall, I presume, that this was true even when I faced an enormous tax bill because my IRA was being depleted for the benefit of the family.

To refresh your memory, let me repeat again what was happening with my IRA until I learned about it. There is a mandatory withdrawal. Half was being distributed to family. The other half was being used for taxes and management fees for the entire estate. In order to pay Alex's medical expenses, and to pay \$50,000 a year for rent and upkeep on the house in Wellfleet that we had given to the children and that I was barely using, I had to withdraw extra funds from the IRA, with the onerous tax burden. The same when I withdrew something to live on. Under these circumstances, Harry refused to release funds from the Trust for tax relief without onerous and humiliating conditions that he knew I would not accept. Easy to predict what might happen under less extreme conditions.

For such reasons, Harry's proposal is, as I said, too outrageous to discuss.

2. As you know, Harry's attorney has commenced a legal action that is intended to facilitate my resignation and the appointment of a successor trustee to take my place. Since you've wanted me removed for some time and since I've said (from the first time you and I met) that I only wanted to serve as trustee if all the family members wanted me to serve, I'm looking forward to resigning as soon as the court determines how I am to do so and how my successor is to be selected.

3. Given that my replacement is impending, it might be worth waiting until my successor is in place before responding to my requests for financial disclosure, as it's possible that my successor won't share my views as to what the trustee of the trusts needs to know before making decisions about distributions. Likewise, if my successor will be identified soon, it might make sense for me to hold off on any distributions and leave it to the new trustee to work with you on figuring all of this out. In this regard I'm kind of a "lame duck" trustee, wouldn't you say?

4. To the extent that you want to push forward while I remain the trustee, let me again state the basis for financial disclosure by you. It is that, as trustee, I owe a duty to you and I owe a duty to your children (as the remainder beneficiaries of the trusts). For the present my primary duty is to you and it is to distribute to you all income earned by the trusts net of expenses,

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Until I asked about the matter recently, I am aware of no income distributed to me earned from the trusts. I cannot be sure, because I also do not recall having received any accounting of what is happening to the trusts, including distributions from them to others (or as required, to me). Could you then please send me the records on these matters?

and to distribute to you (or pay on your behalf) additional monies as reasonably needed to the extent that your income from other sources is not sufficient to support your reasonable expenses.

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Notwithstanding=your statement that "As for the claim about concern for my later year=, that has been thoroughly refuted" it has not been refuted in the context of my trusteeship and it remains my=duty to consider distributions in light of the possibility that you will have a reasonable need for distributions from the trust for many more years,=and perhaps in increasing amounts, depending on your circumstances in the future.

I am approaching =0. I'm not going to live forever. You know how much money =s in the trust. How could there possibly be a concern about it being=depleted? You know my lifestyle very well. Perhaps you recall =he meeting in my office when you explained to me that I was going to have =o cut back on expenses, specifically to sell my boat, as I did. None=of this makes any sense.

=span>5. =C2◆ As for the specifics=of disclosure, what I need to consider is (a) what your income was in 2017= since that was the basis for the tax payments you seek to have reimbursed, (b) what your income is likely to be this year an= going forward, (c) what your expenses were in 2017 and are likely to be in 2018, and (d) whether any of your income (or other resources) are being used for purposes that the trust cannot support (such as gifts to third parties). ◆=A0So far, Rich has provided me with some rough information about your 2017=expenses. There are some gaps in that information, but nothing that =an't be cleared up pretty easily (I think). Rich has also assured me that you have not made any gifts that have diminished your resources an= I assume you would confirm that to me. What I don't have at this point is enough information about your income, so that I can consider what the gap is between your =expenses and your income, which is the gap the trusts might help to close u=. With respect to your income in 2017, all I can see is that your income tax obligations seem to be much higher than they were previously. I'm assuming that reflects a jump in income from (i)=the profit made on the sale of the condominium, and (ii) large withdrawals=from your IRA. If you want to provide me with more information (bearing in mind what I noted in item #3, above) then information about your 2017 income and what your income is likely to be this year is what I most need.

There is a very simple reason for the income tax obligations. The depletion of the IRA that I reviewed again above imposed a huge tax burden, which we were still attempting to deal with in 2017.=C2◆ After Harry's refusal to release some funds from the trust to pay the exorbitant taxes resulting from what was happening, I of course had to withdraw funds from the IRA to pay taxes on the whole estate, incurring a=new exorbitant tax burden. Despite some small relief later from the =trust after I had repeatedly pointed this out, it carried over through the =017 tax bill. So for that reason, taxes were extremely high. That curious episode is at last finally over, leaving many questions unresolved about what was happening while I was paying little attention, relying on= advisers to ensure that matters were proceeding appropriately.=/font>

=C2◆

I hope this is helpful an= will wait to hear more from you and/or Rich.

Max<=p>

A. Max Kohlenberg<=>

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From: Noam Cho=sky [mailto:nchom=ky3@gmail.com <mailto:[REDACTED]>]
Sent: Friday, July 06, 2018 8:53 PM
To: Max Kohlenberg
Subject: Re: Marital Trust

I am not represented=on this issue, so you can send the information to me directly, copying Ric=ard Kahn.

Noam

On Fri, Jul 6, 2018 at 4:24 AM, Max Kohlenberg <= href="mailto:MKohlenberg@hekblaw.com" target="_blank">MKohlenberg@hek=law.com> wrote:

Noam -<=u>

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Thanks for your message a=d your inquiry. I would like to reply in some detail, but before I d= so please tell me whether you are now represented by legal counsel. =f you are then I believe I'm obliged to copy your counsel on our e=changes. I would also plan on copying Rich Kahn, since my last commu=ications about distributions to you from the trusts have been with him.

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Please also bear in mind =hat since (according to Rich) you are preparing to bring a legal action against me, I have been in contact with my firm's malpractice insu=ance carrier. As my exchanges with you may also need to be reviewed =ith our carrier that may delay (and/or limit) my responses.<=>

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Max<=p>

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A. Max Kohlenberg<=>

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From: Noam Chomsky [mailto:nchomsky3@gmail.com <mailto:[REDACTED]>]
Sent: Thursday, July 05, 2018 7:53 PM
To: Max Kohlenberg
Subject: Marital Trust

Max,=u>

I presume it is clear that the recent proposal transmitted by Harry's lawyer that I should be satisfied with a handout of 100k a year from the Marital Trust is too disgraceful for comment. I would like to know what further information you require for reimbursement for tax payment. We have previously transmitted a great deal of financial information in order for you to reimburse our taxes, including proof of payment and more. Exactly what more do you require, and with what justification? We see little reason that you cannot act on the information already provided. As for the claim about concern for my later years, that has been thoroughly refuted.

Noam