

**To:** jeevacation@gmail.com[jeevacation@gmail.com]; Jeffrey Epstein[jeevacation@gmail.com]  
**From:** Alan S Halperin  
**Sent:** Mon 7/29/2013 11:52:05 AM  
**Subject:** Re: Leon

The right of first refusal is an interesting question. Perhaps.

But I like the idea of using the value of the home as currency to acquire some BFP interests.

I agree that we need to consider the potential impact of divorce (or death) in all suggestions bearing on Phase II. By the way, the trusts provide that Debra is a beneficiary only if she married to Leon.

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From: "Jeffrey Epstein" <jeevacation@gmail.com>  
To: Alan S Halperin [REDACTED]  
Date: 07/29/2013 07:31 AM  
Subject: Re: Leon

ok, but when he buys the stock that stock will be a portion of his assets. in effect financing the purchase. . i am happy to do part frieze part note. . I understand competing desires. risks. we need to look at divorce consequences. . can we have the childrens trust with the first right of refusal. inscad of selloing the real esate today.

On Mon, Jul 29, 2013 at 7:07 AM, Alan S Halperin <[REDACTED]> wrote:  
Yes, later this morning, I will have a term sheet describing the revised Will.. I will send it to you as soon as it is ready.

Have you been in touch with Eileen and Ada about financing? I am not confident that third party borrowing will make sense. Leon's balance sheet reflects that, while he has

a personal net worth exceeding \$1.9 billion (excluding the assets transferred out of his estate), he has current cash of \$8.4 million, illiquid assets of roughly \$2.4 billion and debt approaching \$600 million. And timing no doubt will be an issue. I think we will need to proceed with a personal loan, at least initially.

During my long conversation with Leon on Friday, the purpose of which was to discuss the Will, Leon pressed me (us) to reach agreement on a plan for Phase II. I think he is frustrated that we have not yet crossed the finish line.

Leon also expressed a concern which will affect both the Will and Phase II. I pointed out that, as a general matter, a surviving spouse must have the right to convert unproductive property (that is, property that does not generate current income) into productive property. That power possibly could lead to the sale of certain items in the marital trust that he does not want sold (such as the property in the Hamptons and certain items of art). As to the Hamptons property, we discussed his selling it to the 2006 Trust (or its successor) in exchange for BFP interests. That plan helps in two regards: it facilitates continued ownership of the Hamptons property; and it reduces the amount of the debt necessary to support the purchase of BFP interests. On the other hand, it will trigger a New York real property transfer and gains tax. That tax, however, will be less than two years of interest otherwise payable to a bank.

As for the art, if we move it out of his estate, say via the freeze partnership, the marital deduction rule mandating that the spouse must have a right to convert it to productive property would not apply to the art.

We also discussed having a two prong attack: Leon's purchasing a portion of the BFP interests; and Leon and the trust forming a freeze partnership for the balance. Eileen is running numbers to see if this plan works.

I continue to be concerned about using Phaidon as a means of converting art from tangible to intangible property. I think the freeze partnership is a better way to attack the art issue.

While today's meeting presumably will be about the Will, we should be prepared to discuss Phase II; Leon continues to bring it up.

I welcome your input.

Many thanks. Alan

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From: "Jeffrey Epstein" <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)>  
To: Alan S Halperin [REDACTED]  
Date: 07/29/2013 06:21 AM  
Subject:

is there a summary of changes made ot will by leon?

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