

To: jeevacation@gmail.com[jeevacation@gmail.com]; Jeffrey Epstein[jeevacation@gmail.com]
From: Alan S Halperin
Sent: Thur 2/21/2013 4:20:02 PM
Subject: Estate Freeze

Jeffrey, in a prior email, I wrote:

I would need to dig into the current structure to determine the best path forward. At this point, I see two options (after cleaning up the current trust issues):

1. A freeze LLC is created. Leon contributes his art and receives a preferred interest, with an annual coupon. The trust contributes its interest in Black Family Partners, subject possibly to cleaning up some governance issues, and receives the common. (A variation of the theme is for Black Family Partners to contribute assets, rather than have the trust contribute partnership interests.) All appreciation, above the annual coupon, inures to the benefit of the common. The common also has the right to use property, provided the coupon is current. The trust then grants Deborah, a beneficiary, the right to use the art. Or the art could be rented to Leon.
2. Alternatively, we could explore the possibility of having Leon contribute the art to the existing partnership, which is restructured as a freeze partnership, with the same results as described in 1. The only difference between this suggestion and the one described in 1 is that, in this alternative, we use the same (restructured) partnership, rather than having multiple layers.

As to your recent inquiry about numbers, I do not have figures. However, a simple example is instructive. Suppose the value of the art contributed by Leon is \$1.5 billion, while the financial assets contributed by the trust have a value of \$2 billion. An appraiser, say Empire Valuation, would give us written advice as to the proper amount of the annual coupon so that the preferred has a value equal to its face amount. For purposes of the illustration, let's assume that figure is 7%. Under the foregoing assumptions, Leon would be entitled to annual distributions of \$105,000,000. Presumably, the \$2 billion of financial assets would generate sufficient cash flow to satisfy the coupon. If the freeze partnership is liquidated, Leon is entitled to the \$1.5 billion. In the meantime, all appreciation (beyond the 7% coupon), both as to the artwork and the financial assets, and excess cash flow, would be outside Leon's estate. Also, since Deborah is a permissible beneficiary of the trust, so long as they are married, there is indirect access to the assets ascribed to the common interest via use by, or distributions to, Deborah.

IRS Circular 230 disclosure:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

[Click Here for More Information](#)

Alan S. Halperin | Partner
Paul, Weiss, Rifkind, Wharton & Garrison LLP



From: "Jeffrey Epstein" <jeevacation@gmail.com>
To: Alan S Halperin/[REDACTED]
Date: 02/21/2013 10:02 AM
Subject: Re:

please lay out your proposed frieze step by step please . I am familiar , please use accurate numbers if they are available.

On Thu, Feb 21, 2013 at 8:32 AM, Alan S Halperin <[REDACTED]> wrote:
Jeffrey, this assumes the swap is superior to the freeze LLC. As you know, I have a different view. Alan

IRS Circular 230 disclosure:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

Alan S. Halperin | Partner
Paul, Weiss, Rifkind, Wharton & Garrison LLP
[REDACTED]

From: "Jeffrey Epstein" [jeevacation@gmail.com]
Sent: 02/21/2013 08:21 AM EST
To: Alan Halperin

lets take the nec steps to qualify under the ny rules. . add additinoal investments? other holders.
? have arms length transacions. I want to make sure that if in two years , we transfer , the structure meets all your requiements. if not now.

--

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and

destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

This message is intended only for the use of the Addressee and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination of this communication is strictly prohibited. If you have received this communication in error, please erase all copies of the message and its attachments and notify us immediately.

--

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

This message is intended only for the use of the Addressee and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination of this communication is strictly prohibited. If you have received this communication in error, please erase all copies of the message and its attachments and notify us immediately.