

To: Yopp, Mark[REDACTED]
Cc: Jeffrey Epstein[jeevacation@gmail.com]; Rosen, Arthur[REDACTED]; Kirschner, Elyse[REDACTED]; Heller, Amy[REDACTED]
From: McCaffrey, Carlyn
Sent: Thur 1/31/2013 9:42:41 PM
Subject: FW: FW: Re:

Mark,

while you're researching this issue, please also see if there's any authority for imposing a sales tax on the foreclosure of a lien on tangible personal property when the foreclosure results in the lender taking title.

Carlyn S. McCaffrey | Partner
McDermott Will & Emery LLP | [REDACTED]
[REDACTED] | www.mwe.com

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Thursday, January 31, 2013 4:38 PM
To: McCaffrey, Carlyn
Subject: Re: FW: Re:

would there be a sales tax on foreclosures? sorry,

On Thu, Jan 31, 2013 at 5:31 PM, McCaffrey, Carlyn <[REDACTED]> wrote:

Here's a thought from Amy Heller, one of my partners.

Carlyn S. McCaffrey | Partner
McDermott Will & Emery LLP | [REDACTED]
[REDACTED] | www.mwe.com

From: Heller, Amy
Sent: Thursday, January 31, 2013 4:29 PM
To: McCaffrey, Carlyn
Subject: RE: Re:

Can you put the art and possible some liquid assets in an LLC?

Amy E. Heller

McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173

+1 212 547 5584 (p) | +1 646 304 9388 (f) | aheller@mwe.com | www.mwe.com

From: McCaffrey, Carlyn

Sent: Thursday, January 31, 2013 4:24 PM

To: Yopp, Mark

Cc: Rosen, Arthur; Heller, Amy; Kirschner, Elyse

Subject: FW: Re:

Can you find any authority under the NY sales tax law that;

1. A sale between a grantor trust and its grantor is either subject to or not subject to the sales tax. or

2. If a grantor retained annuity trust is funded with art and the annuity payments to the grantor are subsequently funded with interests in that same art that:

a. the transfer to the grantor annuity trust is either subject to or not subject to the sales tax

b. the annuity payments made with interests in the art are either subject to or not subject to the sales tax

I know there is authority that grantor retained annuity payments funded with real estate interests will be subject to the real property transfer tax.

If you don't know what a grantor retained annuity trust is you can call either me, Elyse or Amy and we'll explain it.

Carlyn S. McCaffrey | Partner
McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173
[+1 212 547 5324](tel:+12125475324) | cmccaffrey@mwe.com | www.mwe.com

From: Jeffrey Epstein [<mailto:jeevacation@gmail.com>]
Sent: Thursday, January 31, 2013 4:11 PM
To: McCaffrey, Carlyn
Subject: Re: Re:

understood, Im in search of authority, if he had put the art in day one, there wouldn't be a sales tax. on contribution to the grat. would there have been on the pourover.? is there case law , ? my accts agree with me, but i pay them . so i discount it

On Thu, Jan 31, 2013 at 5:05 PM, McCaffrey, Carlyn <Cmccaffrey@mwe.com> wrote:

Yes - the trust pays and then leon would pay if he took it back.

Remember when you're thinking about this issue that it's not really a substitution power. We refer to it as that but if you look at the trust language, you will see that that's not what it says. It says that the settlor has the power to reacquire and acquire trust property by substituting therefore other property of an equivalent value.

Carlyn S. McCaffrey | Partner
McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173
[+1 212 547 5324](tel:+12125475324) | cmccaffrey@mwe.com | www.mwe.com

From: Jeffrey Epstein [<mailto:jeevacation@gmail.com>]
Sent: Thursday, January 31, 2013 4:03 PM
To: McCaffrey, Carlyn
Subject: Re:

so that the trust pays? then if leon wantss to substitutiie cash he pays. i am aware of 1031 but I spoke to a calif sales tax person and she said not under substruion provision. but could not point to authority either

On Thu, Jan 31, 2013 at 4:56 PM, McCaffrey, Carlyn <Cmccaffrey@mwe.com> wrote:

the person who pays the sales tax is the person who is acquiring the tangible personal property, i.e., the

paintings. yes - it could happen multiple times just like it can happen with individuals. If, for example, I hold a painting for investment purposes and make a section 1031 exchange, I pay sales tax. If I make a second 1031 exchange, I pay another sales tax, etc.

Carlyn S. McCaffrey | Partner
McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173
+1 212 547 5324 | cmccaffrey@mwe.com | www.mwe.com

From: Jeffrey Epstein [<mailto:jeevacation@gmail.com>]
Sent: Thursday, January 31, 2013 3:45 PM
To: McCaffrey, Carlyn
Subject:

my irs people , also now can't see substitution provision causing sales tax , as it could happen multiple times over the life of the trust, settlor could not be liable for sales tax , or is the trust the seller and the settlor the buyer?

--

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

IRS Circular 230 Disclosure: To comply with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained herein (including any attachments), unless specifically stated otherwise, is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter herein.

This message is a PRIVILEGED AND CONFIDENTIAL communication. This message and all attachments are a private communication sent by a law firm and may be confidential or protected by privilege. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of the information contained in or attached to this message is strictly prohibited. Please notify the sender of the delivery error by replying to this message, and then delete it from your system. Thank you.

Please visit <http://www.mwe.com/> for more information about our Firm.

--

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

--

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

--

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