**To:** jeevacation@gmail.com[jeevacation@gmail.com]; jeevacation@gmail.com[jeevacation@gmail.com]
**From:** Mark LLOYD
**Sent:** Sun 5/13/2012 12:45:48 PM
**Subject:** Fwd: D. Porthault
Key_issues.pdf

Jeffrey,

Please find attached a rather poor synopsis of the situation at D. Porthault.

The key to the success is to come to a mutually acceptable arrangement with Bernard J Carl and his wife Joan, who still own the distribution rights for the brand in America and Asia.

I met them in New York and feel this could be handled, but clearly being a lawyer and potentially very litigious, it needs to be handled very deftly in order to avoid a hugely expensive and frustrating battle.

It is a two edged sword, the REAL value of this product is that it is "Made in France". So the Carl's need the French side to supply them as much as they control the distribution to two very important markets.

Bernie Carl told me that whilst he did not expect to recover all the losses that have accumulated over the past ten years, he would like to secure future royalties, for at least five years and most important of all is that his wife does not "lose face".

Xavier Gerrand Hermes told me that Bernard Arnault made his first fortune by purchasing family company's in toxic situations and turning them around.

I feel that there is still a huge market still to be tapped, particularly the private homes/yachts/jets in the Middle East, Russia, Africa and Europe.

There is a shop in the Av Montaigne which is three times too big. The good news is that there is currently an offer of 3.7M Euros for the lease, which would pay off the debt entirely and leave a small amount towards re branding and rebuilding the company.

I will call you later to discuss, just email when is a good time for you.

As ever,

Mark