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Theodore STEINGUT ESQ.
Dornbush Mensch Mandelstam & Shaeffer LLP
747 Third Avenue
New York, New York 10017
USA

June 3, 1997

ref: The Attanasi Family Trust v
Donna J. Gouiran
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Courtesy Copy: Mark Lawless Esq.
Todd Sollis Esq.

Dear Ted,

As confirmed, you are in possession of the certified duplicate originals as supplied by the Notaire's chambers. I have just received the accounting I commissioned. The amount owing the trust in connection with this debt is : $2,430,874.70. This amount is computed *as at* June 15, 1997 and as follows:

Principal Amount at Inception: $ 910,000.00
Accrued Interest to June 15, 1997: $ 292,374.78
Accrued Late Charges per note: $ 1,092,000.00
Cost of collection per note[1]: $ 136,500.00

I have enclosed an interest accrual summary sheet, as well as an amortization accrual schedule. As you can see, the amount owing increases by at least $11,900 per month for interest, plus $45,500 for late charges. Donna's intransigence is thus costing this family near $60,000 per month.

I am meeting with the trust's investment committee this afternoon and will advise you of its further decision. As to the $250,000.00 disingeneously represented to have been paid on the GHI settlement by Donna, you have the Settlement Participant's contract, copy of the check and deposit slip to Donna's account, which demonstrates that Donna never paid a dime towards that Settlement. Moreover, since this arrangement was made in advance of the actual disbursement, and from my (in Donna's name) account at First Financial only to protect the identity of those really paying, Donna cannot even argue that she "thought" she was paying it. Note that the

[1] The note provides for actual cost incurred, and the amount herein is set forth as the maximum provided for under the note.

withdrawal from the account was made on my signature under the "inexistent" power !! I would ask that something be done to allow Donna to voluntarily withdraw her perjurious affidavit. Her ill-advised process has already exposed her to sufficient risk not to add repeated incidences of perjury to it.

I am getting great pressure from other creditors, and while they realize that things are moving slowly, it appears that new actions will be commenced in European forums. As you know, Donna is a French and Irish citizen, and consequently subject to in the very least, the French court's jurisdiction (Article 14, 15 of the NCPC). Creditors are concerned about what they perceive as a bias in favor of Donna, who stuffed with millions of dollars of other people's money, is nevertheless spuriously portrayed as the "victim". I remind you that Donna was at all times aware and conscious of her actions (the documentory evidence abounds), and was the knowing bookeeper and strawman for an inumerable amount of transactions involving third party interests in the United States and abroad. Of particular concern, is the court's seeming adoption of the characterization of my person as some kind of fugitive. Under the Franco/American treaty, the DA's diplomatic request for French prosecution of its indictment, transferred his jurisdiction to the French tribunals where I have appeared. Consequently, the only court with jurisdiction to adjudicate this prosecution is the French Tribunal. To-date, 24 of the 26 counts have been dismissed. There remains two misdemeanors, and the French court awaits evidence in support -- it has been waiting for six years. It appears, that the evidence, which is exculpatory, is "missing". Indeed, a request for my briefcase and contents, both seized during the February 4, 1988 search and seizure, and noted on the DA's receipt, cannot be found. The DA has responded "that while the briefcase figures on our receipt, the office of the District Attorney never received the briefcase..." It doesn't take a genius criminal lawyer to deduce the likely consequence of the absence of such exculpatory evidence from the materials seized. Moreover, because of the appearance of uncertainty in connection with the pendency of the US procedure and the double jeopardy risk, the French court has refused to go forward until the US indictment is put through a formal dismissal process. These continuing completely irrelevant and false accusations and character assassinations should be made to stop. I am not a fugitive, I appeared in defense immediatly upon the unsealing of the indictment, and have succeeded in all areas actually considered by the court. On that issue, let me refresh your memory as to the dates. My family and I moved permanently to France in June of 1988. The indictment did not come out until 1989, and that indictment did NOT include me. The indictment against me was unsealed in October of 1991, more than three years after I moved to France. Transfer of the prosecution to the French authorities included transfer of the Bench Warrant[2], and the French arrest satisfied the Warrant. Hence it is disingeneous as well to pretend that there is an outstanding warrant against me.

There is a pending indictment, and only one. It is the French indictment, which indicts on the basis of the US request for prosecution of the Richmond County indictment. The US process merged as a matter of law with the US diplomatic request. Even assuming that Donna's lawyers are ignorant of criminal law, Donna is fully aware of this, since we and my attorneys have discussed it repeatedly. Today, these false statements before the US court, have apparently confused it as to the truth on these issues, and seemingly biased it against me. Under these circumstances, other creditors of Donna are now contemplating actions against her in Europe, and things will be further exacerbated. It is obvious that I can do nothing to influence them otherwise, so long as I cannot assure them of a fair adjudication in the United States. There is also concern

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[2] Issued even as I had no knowledge of the existence of this indictment.

over the court's seeming conclusion that my agency, or status as an attorney or adviser, has dispossessed the principals, albeit undisclosed, of their interest.

Unless Donna (and my pocket book, since it is my money she is spending !) is prepared to face a multiplicity of actions in four different European forums in addition to the litigation pending in the US, I suggest that persons stop portraying me as the "principal", as an "indictee[3]"and or a party. On a personal note the use of the word "estranged" should be avoided because inaccurate, as time will demonstrate. My desire to reconcile with my wife has nothing whatever to do with the viability of the claims. I have simply asserted that I would not continue to put the weigh of my influence to negotiate further time delays when faced with Donna's absolute and unreasonable stance on these issues. Currently, I must be able to assure people that these matters can be adjudicated in an unbiased way. The primary issues are simple : what characterization do you want to give to the millions of dollars of *other* people's money utilized to acquire the properties to which Donna today makes claim ?

Why the intransigence on her part to settle ?

I am copying Mark Lawless and Todd Sollis for information, so that everyone is on the same page.

Sincerely

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[3] I had assumed that one is innocent until proven guilty. I had also assumed that the dismissal of 24 out of 26 counts to-date, would suggest that the indictment may have been greatly lacking. Lastly, a call to the Supreme Court of New Jersey will reveal my status as inactive. I have not been disbarred, and am fully qualified, given a bonefide office, to seek reinstatement. All of these things are of course irrelevant to the claims of the creditors, however, they have been allowed to rise to somekind of probant factor which is serving to cloud the simple issue : If this money was not borrowed, then how was the real estate purchased ? If the money was a gift, then from whom ? If Donna paid money to settle the GHI case, then why was there a contract from the other participants providing her the money before it was disbursed ? If she was not the trust bookeeper, then why are the financials transmitted to the CPA in her handwritting ?

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Mark Lawless ESQ
Amon and Sabatini
437 Madison Avenue
New York, NY 10022
USA

June 3, 1997

Dear Mr Lawless,

In the interest of collegiality, please find enclosed a factual recital from which you might be able to better understand the issues confronting you and my wife.

I have long suggested a global settlement of these cases, and am surprised that you have not arranged to meet with Ted to generally review that possibility, before still more money is senselessly dissipated in legal cost : money best used to pay creditors.

Ted is in possession of a number of suggestions I have made, some of which date back to Michael Gold's involvement.

While lending my weight to influence a settlement of these cases will not instantly produce reconciliation with my wife, it will certainly will serve my family's interest. Contrary to your assertions, these claims have nothing to do with my desire to find a basis for reconciliation : reconciliation in any event is a certainty (I know my wife better than you ever will !).

Quite simply, if it has to cost me, I would rather my children get it.

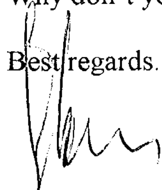
Once her creditors are settled, I will care for my wife, and I will do so most effectively without lawyers. Such is the consequence of love !

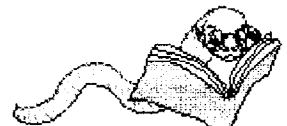
You know of course, that she has far greater power over me than a battalion of lawyers and judges.

You also know, that on March 14, 1997, she called in tears, reflecting her most intimate feelings to a friend: "I love my husband, and despair for him...", "I can't sleep without him...", "I want to save my marriage...". This is the reality, and these feelings are shared conversely by myself. I thought you might like to know this, it might give you a perspective of what lies behind her neurotic anger. My wife needs help, and fueling her angry motives with senseless and disingenuous defenses are not helping.

Why don't you try settlement ?

Best regards.





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Mr E. David GOUIRAN IV
50 East Entry Road
Staten Island, New York 10304
USA

June 3, 1997

My dearest David,

I have not heard from you, and I can only imagine the tortuous situation in which you find yourself. I pray that the time will come when your mother will come to rise to her responsibilities as mother, and enable a resolution of *our* difficulties : because a resolution is what is best for you, for your brothers and for she and I.

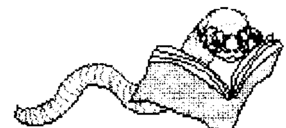
I love you dearly, and will always be there for you. I know that someday, when the anger passes, you will come to recognize that.

Because I believe that the reason you are unable to dispose of the matters opposing us is because you are made to believe that such a self interested transaction would prove a betrayal of your mother's interest against me, I want to share with you some ideas that I had envisioned for an omnibus settlement. By omnibus, I mean that your mother would be forever released from all the claims of her creditors -- essentially by me assuming her liabilities. How I deal with the creditors, would become my problem. I am ready and willing to envision this kind of solution, because to the extent that ultimately it is I who suffer the loss, I would rather see my children get the millions which your mother appears so willing to squander on lawyers. As you know, the creditors no more than I, will not go away, even if all of the money is exhausted in litigation cost. I would hope that you would see that and help me find a solution.

These are some of my ideas. They are open to discussion if you feel up to it. Although I have limited the discussion to matters involving your mother, it is evident, that all cases must be dismissed, that of course includes those involving you, and those on the terms of the letter that I had sent you previously.

- I would think that an omnibus settlement with your mother is acceptable on the following general terms:

1. The Keogh account to be divided equally between she and I by transferring in kind, one half of the existing corpus to my Keogh (I do not have one, but would open one for the purpose.)
2. All other cash accounts in your mother's name to be transferred after an accounting, to the following trust. In the event she wants to keep some cash then a sum not exceeding $50,000 may be retained providing she disburses a similar sum to me.



3. The Attanasi Family Trust claim will be settled in toto (the balance owing as of June 15, 1997 is $2,430,874.70) in exchange for a *quit claim* from your mother to myself as trustee of the Attanasi Trust, or to such assign as I may designate[1], for the properties: 200 West 14th Street, NYC; 200 East 61st Street, NYC; 2061 Hylan Boulevard, and 382-384 Forest avenue, Staten Island, New York. The Attanasi Trust will take the properties subject to such impedimenta as existed on or before April 25, 1995. All other liens, with the exception of the Attanasi lien being settled simultaneously herewith, will be satisfied by your mother out of her share of any proceeds (I will advance the cash if necessary and take a greater portion of the Keogh.)

4. A trust to be called "The Emile and Donna Gouiran's Children's Trust" is to be established, upon one of the two following options:

OPTION I:

A) the balance of all assets held in your mother's name, including all art, jewelry and antiques with the exception of her wedding and engagement ring are to be transferred to the trust corpus, the trustee, who shall be corporate and independent, shall be instructed to manage and liquidate all assets to cash, and to invest the same in government bills or bonds, or bonds having a Moody's rating of not less than AAA, and having a maturity not exceeding 15 years.

During the liquidation, first option shall be provided to your mother and myself. These assets will be sold at the highest bonafide bid from either of us, which shall not be less than 75% of the market value. In the event of a discord, then to the highest bid from either of us. In the further event that either of us should fail to bid within 30 days of notice, then and only then to third parties.

The house at 50 East Entry road shall be last to be sold. Until such time as it is sold, but for not more than one year, your mother may remain in residence. The cost and impost of the house to be charged to her, but payment may be differed for a period not exceeding three months after settlement.

During the management, all rents, interest and other income from the assets, to accrue to the trust corpus.

Commencing one year after the settlement, the trustee shall pay 50% of the income of the trust and distribute the same pro rata commencing as to each of the children, on their 25th birthday. The balance and any unpaid amounts of the income to accrue to the corpus. Upon the death of the survivor of my three children, the balance to my grandchildren, per stirpes, pro rata, 50% at age 25, and the balance at age 35.

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[1] This is necessary in case I am required to provide a cash settlement. In that case, I can transfer the properties for the cash I will need to pay the trust. In any event, as your mother is getting a General Release, it should be immaterial to her and her counsel in what name I ask for title to be transferred.

OPTION II[2]:

B) A trust is to be set up with my three children and any grandchildren as remaindermen. Your mother and myself as income beneficiaries. During our lives, 50% of the income of the trust shall be paid to each of your mother and myself. In the event of either of our deaths, the totality of the income shall be distributed to the survivor. Upon the death of the survivor of your mother or myself, the trust shall terminate, and 50% of the trust corpus shall be

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[2] An alternative but probably too complex to explain in the emotionally charged environment in which the family finds itself, is a Family Limited Partnership. This kind of transfer vehicle would allow your mother and I to receive income from the US assets in her name that would be given away, all while maintaining for the two of us, full management control over them. While a variety of revocable and irrevocable trusts remain popular, FLP's have been gaining ground in recent years among person's like your mother and I, owning substantially appreciated assets such as our Keogh and real property in New York and New Jersey. In most cases FLP's are cheaper to set up and manage than trusts , and they're more flexible.

FLP's are limited partnerships with one or more general partners, which in this case would be your mother and I. The general partner(s) who serves as managing partner is paid a reasonable management fee (in the present circumstances your mother and I would split this fee), and family members become limited partners by receiving annual gifts that qualify for annual $10,000 gift tax exclusions. Typical FLP agreements restrict the ability of partners to transfer their interests to non-family members, and one contemplated for this family would provide likewise. The limited partners may receive the gifts outright or in trust. I would suggest in kind distribution commencing at age 25.

The general partners have unlimited legal liability, but as limited partners ,the gift recipients are denied immediate access to the gifted funds, which adds a layer of creditor protection, including protection from a divorced heir's former spouse. A drawback is that since gifts get no step-up, the limited partners, you and your brothers, will eventually pay taxes on the appreciation of the assets transferred from the time your mother and I acquired them.

One of the most attractive features of FLP's, however, is discounting assets at the time of transfer. Since the limited partner interests are illiquid, the IRS would allow your mother and I to undervalue them. While the gain on assets given as partnership interests is not taxed when the gift is made, undervaluation can provide a significant tax break because it increases the amount of assets that can be transferred free of gift tax. When one of your mother's and I's children die, any partnership interests held in their estates continue to be valued at a discount. My review of recent tax law cases (I still get and read "The Tax Lawyer") suggest that the IRS will accept discounts of 20% to 45% on FLP transfers. An overstated discount can evoke penalties or even invalidate the partnership, so there is a limit to how far down the cork can be pushed.

The property must be divided carefully so that no partner has a majority interest, and since your mother and I would act as fiduciaries, the partnership must be an arm's length entity.

As noted, I present this idea with little hope that it will be retained, but because you are a lawyer and might be interested in better solutions : solutions which are often only possible when persons can act civilly and rationally in dealing with each other.

distributed, pro rata to each of our children and the balance to each of my grandchildren also pro rata, and as to all per stirpes. Any child or grandchild being under the age of 25 shall take such distribution in trust. In no event may distributions be made to a parent as guardian.

The trustee to be US Trust Company or a similar institution acceptable to me.

5. I will be substituted as defendant. General releases will be provided to your mother by all of the plaintiff against my assumption of the debt. The cases will then be settled between myself and plaintiffs by my delivery of a confession of judgement, which will be so ordered by the court. I will hold your mother harmless as to any future claims by such plaintiff, and will represent that I have no knowledge of any other potential claims by any other plaintiff, as to any transaction occurring while we co-resided. Excluded from my hold harmless and representation, is any claim arising out of any governmental or semi-governmental proceeding be it civil or criminal. Your mother and I will exchange General Releases, including any claims that might eventually arise out of the marital relationship.

The following alternative I believe is also acceptable in *full* settlement

1. The Keogh account to be divided equally between us by transferring in kind, one half of the existing corpus to my Keogh.
2. All other cash accounts in your mother's name to be divided.
3. The Attanasi Family Trust claim will be settled in toto in exchange for a *quit claim* from your mother to myself as trustee, or to such assign as I may designate[3], for the properties: 200 West 14th Street, NYC; 200 East 61st Street, NYC; 2061 Hylan Boulevard and 382-384 Forest avenue, Staten Island, New York. The trust will take the properties subject to such impedimenta as existed on or before April 25, 1995. All other liens, with the exception of the Attanasi lien being settled simultaneously herewith, will be satisfied by your mother out of her share of any proceeds (I will advance the cash if necessary and take a greater portion of the Keogh.)
4. All art, jewelry, silver[4] and antiques with the exception of her wedding and engagement ring are to be divided equally. In the event of discord, each item will be put to bid, with the highest bid between us to prevail. The cash will then be equally divided.
5. I will be substituted as defendant. General releases will be provided to your mother by all of the plaintiff against my assumption of the debt. The cases will then be settled between myself and plaintiffs by my delivery of a confession of judgement, which will be so ordered by the court. I will hold your mother harmless as to any future claims by such plaintiff, and will represent that I have no knowledge of any other potential claims by any other plaintiff, as to any transaction occurring while we co-resided. Excluded from my hold harmless and representation, is any claim arising out of any governmental or semi-governmental proceeding be it civil or criminal. Your mother and I will exchange General Releases, including any claims that might eventually arise out of the marital relationship.
6. The balance of the properties will be distributed according to value premised by an

[3] This is necessary in case I am required to provide a cash settlement. In that case, I can transfer the properties for the cash I will need to pay the trust. In any event, as your mother is getting a General Release, it should be immaterial to her and her counsel in what name I ask for title to be transferred.

[4] And notably that removed from my apartment on January 31, 1997.

appraisal, or in the case of discord, the average of an appraisal ordered by each of us. Differences in the distributions will be equalized by the taker of the greater value making up the difference in cash, with the cash being divided equally between us.

What do you think ?

The alternative is inescapable, all will be lost in a sea of legal fees and judgements. If your mother and I seem destined to destroy one another, am I so wrong in my tenancious stance to protect these assets for my children ?

I pray that you and your brothers shall not be made to atone for the sins of your parents.

My love to you all.