

January 12, 2012

Via Email: [REDACTED]

Jeffrey Epstein
c/o Darren Indyke
301 E. 66th Street 10B
New York, NY 10065

**Re: Representation
Litigation**

Dear Mr. Epstein:

Kellerhals Ferguson LLP (the "Firm") appreciates the opportunity to provide legal services to Jeffrey Epstein (the "Client") in the above entitled action. The purpose of this correspondence is to set forth our agreement as to the terms upon which the Firm has been retained.

RESPONSIBILITIES

The Firm will provide the legal services that, in our professional judgment, are appropriate for this matter and in accordance with applicable legal and ethical standards. You agree that you (and to the extent necessary, your employees) will be reasonably available to confer with us upon request, will provide the Firm with such documents and information as you may possess relating to the matter, will disclose all facts and circumstances of which you are aware that may bear upon the Firm's handling of the matter, will promptly pay the Firm's fees in accordance with the terms of this agreement and will otherwise assist our efforts as reasonably requested.

SCOPE OF REPRESENTATION

You have retained the Firm to represent you and L.S.J., LLC regarding the complaint against Nick Labros and AVLC, LLC d/b/a SOUND X in an action for breach of contract and fraud. If you ask the Firm to provide or if we determine that additional services are necessary, we may ask you to execute a new engagement letter that provides for an additional term. While our firm also engages in providing tax advice, such services, if requested by you, will be in addition to the services provided for in this agreement and the Firm is not responsible for providing such advice unless specifically engaged to do so.

RETAINER

It is customary for the Firm to require the payment of a retainer in undertaking a new representation, but in your case we will waive our retainer requirement and simply ask that you return an executed copy of this engagement letter.

Should a retainer be paid in the future, the retainer will serve as a source of payment of the monthly statements, including expenses, with the stated amount deducted from the retainer on the date of the invoice. The Firm shall deposit this amount in its trust account. A minimum balance of ~~Dollars (\$)~~ shall be maintained in trust until

final billing. If the sum held as a retainer is sufficient to pay the bill submitted, the Firm will withdraw the amount necessary to pay the bill. When the retainer is reduced below the minimum balance as a result of such draw downs, Client shall re-establish the minimum balance of the retainer fund upon receipt of the statement showing the minimum balance is deficient. Any balance remaining in the retainer fund upon termination of the Firm's representation shall be first applied to fees and expenses due and the balance returned to Client. We reserve the right to demand further deposits to cover the cost of the expenses of your case. You agree to pay these requests upon our demand. If this is a litigation matter, once a trial, mediation or arbitration date is set, we will require you to pay all sums then due and owing to us and to deposit the expenses and costs we estimate will be incurred in preparing for and completing the trial, mediation, or arbitration, as well as the jury fees or arbitration fees likely to be assessed, which may exceed the minimum retainer balance. If fees or costs are recovered for or on behalf of Client, those fees will be credited toward the fee/cost obligation of Client to the Firm. Such award shall not, however, relieve Client of the obligation to pay the balance of fees or costs due to the Firm.

FEES & EXPENSES

Firm fees are determined in accordance with applicable ethical rules, by considering a number of factors, including the amount of time that we and our staff devote to the matter, the experience and expertise of the professionals who perform the services, the complexity, novelty and difficulty of the questions involved, any time limitations or other special demands presented, and the results obtained.

You agree that the Firm's fees will be based upon the time that we devote to the matter, in accordance with assigned hourly rates. In consideration for such professional services rendered and to be rendered on your behalf, you agree to pay the Firm and to be responsible for paying Erika A. Kellerhals at the hourly rate of Four Hundred Dollars (\$400.00), Greg J. Ferguson at the hourly rate of Three Hundred Twenty Five Dollars (\$325.00), Christopher Allen Kroblin at the hourly rate of Three Hundred Twenty Five Dollars (\$325.00), any Paralegal billings at the hourly rate of One Hundred Thirty Five Dollars (\$135.00), and any billable legal assistant work at the rate of Eighty Dollars (\$80.00) per hour. You agree that you are aware that the Firm reviews its rate structure annually and that the rates may be modified to reflect changes in the Firm's cost structure, but that this rate is guaranteed through December 31, 2012. The Firm will notify you in writing prior to any rate change.

You agree that you will be billed monthly for fees and expenses incurred. In addition to legal fees, you also agree to be responsible for the costs and normal charges of all long distance telephone charges, overnight delivery charges, filing and recording fees, expert reports, corporate books, photocopying, facsimile transmission, notary fees, messenger fees, electronic research including Westlaw, or any other costs and expenses involved. You agree to be responsible for all travel and parking costs and expenses that are incurred while we are away from the Firm's office on your business, fees that accountants, consultants or expert witnesses retained on your behalf charge us and other similar expenditures.

If the Firm is required to give testimony through its attorneys and/or other employees, and/or to produce documents or provide other discovery or testimony concerning our representation of you, you agree to pay the time and expenses incurred by this Firm in responding to said requests for testimony and/or other discovery.

As noted above, the Firm will send you statements for services rendered and for expenditures that the Firm has made on your behalf on a monthly basis. The amounts set forth in the statements are due within thirty (30) days after the date the statement is mailed. Questions or disputes as to the amount of a statement shall be brought to the attention of the Firm within twenty (20) days of receipt of the bill. If your account becomes delinquent, the

Firm has established collection procedures which may include stopping all legal services of a non-emergency nature, and where consistent with ethical obligations, withdrawing from this representation. The Firm also reserves the right to ask you for reasonable security for past due balances and work required in the near future. As a condition of the Firm undertaking this representation, you agree to provide such security to the Firm upon request. Additionally, the Firm shall be entitled to its attorneys' fees and costs incurred for fee collection efforts against Client should you fail to pay amounts owed to the Firm.

You understand and agree that the Firm reserves the right to include interest at the rate of nine percent (9%) per annum on all outstanding amounts not paid within thirty (30) days from the date of the statement. Should the Firm elect to waive interest for any past due amount, such election shall not be deemed as a waiver of the right to include interest on all amounts not paid or on any future amount that becomes due and owing.

This agreement shall be construed and governed in all respects by the laws of the territory of the U.S. Virgin Islands. You agree to submit to the exclusive jurisdiction of the courts of the U.S. Virgin Islands with respect to any issue arising out of this agreement. It is agreed that any dispute arising out of this agreement will first be submitted to voluntary mediation within the territory of the U.S. Virgin Islands upon request of either party, either before or after litigation / arbitration commences. The Firm is active in the practice of law within the relatively small community of the U.S. Virgin Islands. The Firm agrees that it will not divulge the confidences and secrets obtained from you during this representation, nor use any of the information obtained from you against you in any pending and future litigation in which it may represent a party engaged in a business similar to yours.

SECURITY

As security for fees and costs, to the extent permitted by law, you grant the Firm a security interest in all papers, files, documents, records or other personal property supplied to or generated by the Firm and in all judgments, settlements, amounts due or to become due concerning matters upon which the Firm has acted as your counsel, whether or not the representation continues.

RELIANCE

No written product prepared by this Firm, including emails, facsimiles, or memoranda, shall constitute an opinion upon which reliance can be placed to provide protection for penalties, unless such written product specifically so states.

TERMINATION OF SERVICES

You have the right to terminate the Firm's engagement at any time by giving us written notice of termination. The Firm also has the right, subject to its responsibilities under applicable ethical rules, to terminate this engagement by giving you written notice if you fail to cooperate with the Firm or to pay the Firm's bills when due or if the Firm determines that continuing to represent you would be unethical, impractical or improper. If the Firm's relationship is terminated by either party, you will remain obligated to pay the Firm in full for any past services and for costs and expenses in accordance with the terms of this letter.

This agreement will apply to any additional matters the Firm may undertake upon your behalf unless the Firm enters into an agreement reflecting an alternate arrangement.

Please review this letter carefully. By executing this document you acknowledge that you have had the opportunity to consult a third party attorney with regard to this agreement or have waived your right to do so. If this letter accurately reflects your understanding of our attorney-client relationship, please indicate approval and acceptance by dating and signing the enclosed duplicate of the letter and returning it to us.

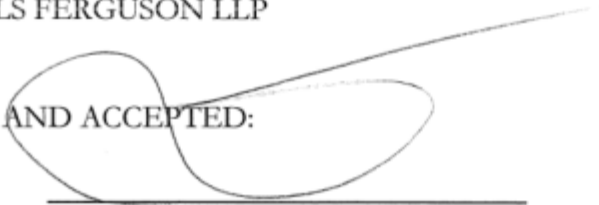
Sincerely,



Erika A. Kellerhals
KELLERHALS FERGUSON LLP

APPROVED AND ACCEPTED:

Signature:



Print Name:

Jeffrey Epstein

Title:

Date:

1/18/12