

IN THE SUPERIOR COURT  
OF THE VIRGIN ISLANDS

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CLERK OF THE COURT

# Exhibit 1

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS  
Division of St. Thomas/St. John

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In the Matter of the Estate of: )  
JEFFREY E. EPSTEIN, )  
Deceased. )  
PROBATE CASE  
NO. ST-19-PB-0080  
ACTION FOR TESTATE  
ADMINISTRATION

Official Transcript  
FEBRUARY 4, 2020

BEFORE: THE HONORABLE CAROLYN P. H. PERCELL  
Magistrate Judge Presiding

APPEARANCES: ARIEL SMITH, ESQ.,  
PAMELA TEPPER, ESQ.,  
Assistant Attorneys General  
Department of Justice  
GERS Building, Second Floor  
St. Thomas, Virgin Islands  
{ On Behalf of the Government }

**COPY**

William Blum, Esq.  
Christopher Kroblin, Esq.  
Marjorie Whalen, Esq.  
Shari D'Andrade, Esq.  
Andrew Tomback, Esq.  
Daniel Weiner, Esq.  
{ On Behalf of the Co-Executors }

APPEARANCES (Cont'd) Douglas Chanco, Esq.

{On Behalf of Jennifer Araos}

Kevin D'Amour, Esq.,

{On Behalf of Maria Farmer,  
Teresa Helm, Juliette Bryant,  
Jane Doe 1,000 and Jane Doe }

Richard Bourne-Vanneck, Esq.

{On behalf of Tela Davis}

John Benham, Esq.,

{On Behalf of Jane Doe}

Melody Westfall, Esq.,

{On Behalf of Claimants  
Jane Doe 1-12}

Sean Foster, Esq.,

{On Behalf of Anonymous Claimants}

I-N-D-E-X

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1 THE COURT: Good morning.

2 THE CLERK: Good morning. Probate  
3 calendar for Monday, February 4, 2020. Case  
4 Number 1, in the Matter of the Estate of  
5 Jeffrey Epstein, ST-19-PB-80.

6 THE COURT: Counsel.

7 ATTORNEY BLUM: Good morning,  
8 Your Honor. My name is Attorney William Blum.  
9 I'm Counsel for the Co-Executors of the estate  
10 of Jeffrey Epstein. I am accompanied today by  
11 Co-Counsel, Christopher Kroblin, Marjorie  
12 Whalen sitting at Counsel's table, as well as  
13 Shari D'Andrade sitting behind. Two mainland  
14 attorneys who have been admitted pro hac vice  
15 in this matter, Attorney Andrew Tomback at the  
16 end and Attorney Daniel Weiner.

17 If it please Your Honor, I would  
18 like to start by --

19 THE COURT: Attorney Blum, before  
20 you proceed, first off, Good morning to you.  
21 Good morning to Counsel. Do we have the pro  
22 hac admission documents to file with the  
23 Court? I'm going to ask that they be filed  
24 with the Court.

25 ATTORNEY BLUM: We'll do so, Your

1 Honor.

2 THE COURT: Well, they can just  
3 be filed in due course.

4 ATTORNEY BLUM: Okay.

5 THE COURT: Let me just first  
6 explain how we are going to work these  
7 proceedings today because this is an unusual  
8 probate proceeding, the Logistics of how  
9 Counsel is to come forward to address the  
10 Court. The estate counsels have been seated at  
11 Counsel's table.

12 What I am now going to ask is  
13 that Counsel for other parties come to the  
14 podium, identify themselves by names and their  
15 client. Then I'm going to ask you to return  
16 to the gallery. There are numerous motions  
17 before the Court pending for today. I put them  
18 in categories to be dealt with. It made sense  
19 to me to categorize the motions because it  
20 seems they fit into categories in my thinking.

21 As the motions are called by  
22 category, Counsel would then indicate, after  
23 the Estate has made its arguments to the  
24 Court, if Counsel wishes to be heard, by  
25 indication raise your hand and you come

1 forward. That is the only way the Court can  
2 see how we are going to get through this today  
3 to allow everyone to have an opportunity to  
4 address the Court on the different issues.  
5 Fair enough to everyone present in the  
6 courtroom?

7 ATTORNEY BLUM: Thank you, Your  
8 Honor.

9 THE COURT: Yes. Okay. Counsel  
10 for claimants or other persons interested in  
11 the estate, one at a time--I don't know how we  
12 are going to do this.

13 ATTORNEY CHANCO: Good morning,  
14 Your Honor. Douglas Chanco here today on  
15 behalf of Claimant Jennifer Araos.

16 THE COURT: Attorney Chanco, are  
17 you an attorney licensed here in the Virgin  
18 Islands.

19 ATTORNEY CHANCO: Yes, Ma'am.

20 THE COURT: Never met you before.  
21 Please to meet you, Sir.

22 ATTORNEY CHANCO: Thank you.

23 THE COURT: Do you mind spelling  
24 your name for the Court so that Madam Clerk  
25 could have everything correct there.

1                   ATTORNEY CHANCO: Absolutely.  
2 D-O-U-G-L-A-S. C-H-A-N-C-O.

3                   THE COURT: And you represent  
4 which claimant?

5                   ATTORNEY CHANCO: Jennifer Foster  
6 Araos. A-R-A-O-S.

7                   ATTORNEY D'AMOUR: Good morning,  
8 Your Honor. Kevin D'Amour. I'm here on behalf  
9 of--

10                  THE COURT: Attorney D'Amour,  
11 Good morning.

12                  ATTORNEY D'AMOUR: --five  
13 different claimants. I'm also here with two of  
14 the state side Counsel that at some point may  
15 want to address the Court, if they are  
16 permitted.

17                  THE COURT: Have they been  
18 admitted?

19                  ATTORNEY D'AMOUR: They have not  
20 been admitted but their application is  
21 pending.

22                  THE COURT: Without the  
23 admission, I don't believe they can address  
24 the Court. They can address the Court through  
25 you, attorney.

1                   ATTORNEY D'AMOUR: I understand,  
2 Your Honor. Our claimants are Ms. Maria  
3 Farmer, Teresa Helm, Juliette Bryant, and a  
4 claimant who has been identified as a Jane Doe  
5 1,000.

6                   Our other claimant --one  
7 moment -- is also identified as a Jane Doe but  
8 all the cases are pending in the Southern  
9 District of New York. Thank you, Your Honor.

10                  THE COURT: Thank you, attorney  
11 D'Amour.

12                  ATTORNEY WESTFALL: Good morning,  
13 Your Honor.

14                  THE COURT: Good morning.

15                  ATTORNEY WESTFALL: I'm Melody  
16 Westfall of Westfall Law based in St. Croix,  
17 admitted in the Virgin Islands.

18                  THE COURT: Melonie?

19                  ATTORNEY WESTFALL: Melody.

20                  THE COURT: Melody.

21                  ATTORNEY WESTFALL: Melody  
22 Westfall. W-E-S-T-F-A-L-L. I'm here on behalf  
23 of Claimants Jane Doe 1 through 12. Nine of  
24 those twelve have filed a Complaint in Supreme  
25 Court in New York by Jordan Merson, of Merson

1 Law, PLLC, and we will be submitting his pro  
2 hac vitae application.

3 THE COURT: Have you filed a  
4 notice of appearance with this Court?

5 ATTORNEY WESTFALL: On Friday we  
6 filed the motion to proceed anonymously and a  
7 notice of claim, and a claim for  
8 unliquidated-- for damages and on Monday,  
9 yesterday, we filed a motion to intervene.

10 THE COURT: In which District?

11 ATTORNEY WESTFALL: We filed it in  
12 St. Croix and they told us they would go over  
13 the documents.

14 THE COURT: It hasn't made it to  
15 the Court's file; it hasn't made it to my  
16 file. When you say in St. Croix, you were not  
17 one of the names that was relayed to me this  
18 morning so I don't have any of your documents  
19 before me at this time.

20 ATTORNEY WESTFALL: Thank you.

21 THE COURT: All right.

22 ATTORNEY FOSTER: Good morning,  
23 Your Honor.

24 THE COURT: Good morning, Sir.

25 ATTORNEY FOSTER: Sean Foster. I

1 represent approximately two dozen victims of  
2 Jeffrey Epstein, and we have filed a motion to  
3 proceed anonymously in this matter.

4 THE COURT: Okay. Good morning,  
5 Attorney Foster ATTORNEY SMITH: Good morning,  
6 Your Honor. Ariel Smith, Virgin Islands  
7 Department of Justice on behalf of the  
8 Government of the Virgin Islands. Before the  
9 Court we have a motion to intervene with a  
10 number of exhibits, but that is the only  
11 actual motion pending before this Court. Thank  
12 you.

13 THE COURT: Okay, Attorney Smith,  
14 Good morning.

15 ATTORNEY TEPPER: Good morning,  
16 Your Honor. Pamela Tepper, representing the  
17 Government of the Virgin Islands and as  
18 Co-Counsel has already stated, we have a  
19 motion before the Court.

20 THE COURT: Good morning,  
21 Attorney Tepper.

22 ATTORNEY BOURNE-VANNECK: Good  
23 morning, Your Honor. Richard Bourne-Vanneck on  
24 behalf of claimant Tela Davis. I'm admitted to  
25 practice in the Virgin Islands.

1 THE COURT: Yes, Attorney  
2 Bourne-Vanneck. Good morning to you.

3 ATTORNEY BOURNE-VANNECK: Thank  
4 you.

5 Attorney Benham good morning,  
6 Your Honor.

7 THE COURT: Good morning,  
8 Attorney Benham.

9 ATTORNEY BENHAM: John Benham of  
10 the law offices of John H. Benham, PC. Yes, I  
11 am admitted to practice in the Virgin Islands.

12 THE COURT: Yes, Attorney  
13 Benham.

14 ATTORNEY BENHAM: I have appeared  
15 and I'm proceeding anonymously for Jane Doe.  
16 We have filed a creditor's claim combined with  
17 a motion to proceed by pseudonym that was  
18 filed on December 19th and it does appear on  
19 the docket. I have a copy of the docket sheet.

20 THE COURT: All right. Thank you.  
21 Has the Court now heard from all counsel who  
22 would like to be heard this morning?

23 The first motion that the Court  
24 will consider is the Motion For Appointment of  
25 Appraisers for real properties located in New

1 York, New Mexico and Florida.

2 This is a motion filed by the  
3 estate by the Co-Executors where they move the  
4 Court to appoint appraisers pursuant to Rule  
5 12 A of the Virgin Islands Rules of Probate  
6 and Fiduciary Proceedings to appoint  
7 appraisers in the jurisdictions of New York,  
8 New Mexico, Florida to appraise the real  
9 property that may be of interest to this  
10 estate. Counsel?

11 ATTORNEY WHALEN: Good morning,  
12 Your Honor.

13 THE COURT: Good morning.

14 ATTORNEY WHALEN: The estate  
15 filed a--

16 THE COURT: Just state your name.

17 ATTORNEY WHALEN: My apologies.  
18 Marjorie Whalen for the executors of the  
19 estate. The estate filed a motion for  
20 appointment of appraisers on January 17, 2020.  
21 This is a motion, Your Honor, to appoint three  
22 appraisers for three properties in three  
23 jurisdictions, in Florida, New Mexico and New  
24 York. Each of the three proposed appraisers  
25 have executed and submitted affidavits to the

1 Court affirming that they are competent and  
2 qualified appraisers and that they are  
3 licensed in their jurisdictions.

4 The first appraiser is Bryan J.  
5 Rogers and he is proposed to appraise two  
6 properties in New York. He is a licensed  
7 appraiser and is Senior Vice President at  
8 Miller, Samuel, Inc., which is a New York  
9 based Real Estate Appraisal and Consulting  
10 firm.

11 And the second appraiser is Jim  
12 Connolly, and the executors seek his  
13 appointment to appraise real property in New  
14 Mexico. Mr. Connolly is a licensed appraiser  
15 as well and has also submitted his affidavit  
16 affirming his experience.

17 The third proposed appraiser is  
18 Michael R. Slade and the estate seeks to  
19 appoint him to appraise the property in  
20 Florida.

21 THE COURT: Are you completed  
22 with your argument or your information to the  
23 Court?

24 ATTORNEY WHALEN: Yes. We have  
25 submitted the affidavits and I believe we

1 submitted everything needed to appoint these  
2 appraisers and we have not received any  
3 objection or opposition to our request for  
4 their appointment.

5 THE COURT: Let me see if there  
6 is any Counsel who wishes to address that  
7 motion for appointment of appraisers for real  
8 properties located in New York, New Mexico and  
9 Florida?

10 ATTORNEY SMITH: I would like  
11 to --

12 THE COURT: Attorney Smith.

13 ATTORNEY SMITH: Good morning,  
14 Your Honor. With regard to the motion --

15 THE COURT: Just identify  
16 yourself. All Counsels, when you come to the  
17 podium, again, identify yourselves by name,  
18 please.

19 ATTORNEY SMITH: Okay. Attorney  
20 Ariel Smith on behalf of the Government of the  
21 Virgin Islands. With regard to the motion  
22 that was made earlier before the Court and  
23 filed prior to that, one of the questions we  
24 would ask the Court to inquire of the executor  
25 who owns the properties from which they're

1 seeking the appraisal and what interest do  
2 they represent in the estate because that was  
3 not clear from the motion nor the  
4 representations before this Court.

5 THE COURT: Okay. Attorney Smith  
6 and Attorney Whalen, Attorney Smith has nailed  
7 what this Court, the concerns this Court has  
8 concerning that motion - is that you are  
9 seeking for the court to appoint appraisers  
10 located in these jurisdictions. As I have it  
11 in the petition that was filed, petition for  
12 probate and for letters testamentary, The  
13 estate of Jeffrey E. Epstein does not own any  
14 real property. It's set forth --and I know  
15 this is the initial petition, but it's set  
16 forth that these properties in question are  
17 owned by corporations for which the decedent  
18 may have owned shares in the corporation.

19 So, the question would be: What is  
20 it that we are seeking to value?

21 ATTORNEY SMITH: That's it.

22 THE COURT: Is it the real  
23 property or is it the shares, his ownership of  
24 the shares? And I would say because the Court  
25 has no jurisdiction over real property located

1 outside of the jurisdiction, that is why the  
2 Court usually does not have to appoint  
3 appraisers located in any jurisdiction other  
4 than the Virgin Islands.

5 And I know what you set forth as  
6 the proposed rates for these appraisers. This  
7 Court has a rate schedule for its appraisers  
8 that begins at \$400 and does not exceed \$450  
9 for reports to be shared by two persons.

10 ATTORNEY SMITH: Your Honor, if  
11 I might add that the first quarterly  
12 accounting that was literally filed, I  
13 believe, either Friday or yesterday, reflects  
14 no real estate owned by the decedent.

15 THE COURT: And Attorney Smith  
16 also, she is correct. In the first quarterly  
17 accounting filed with the Court, filed  
18 yesterday, the first quarterly accounting says  
19 real property, none, and it provides a  
20 schedule as to personal property and on that  
21 schedule, valuation is provided for all the  
22 corporate entities in which the decedent is  
23 alleged to have owned 100 percent and I have  
24 values for those.

25 So that's what the Court would

1 believe the Court would need. What is the  
2 value of the shares held by the decedent - not  
3 to appraise the real property located in these  
4 jurisdictions because I would have no idea  
5 what is proposed by these appraisers is fair  
6 and reasonable. Attorney Blum.

7                   ATTORNEY BLUM: Attorney William  
8 Blum for the Co-Executors of the estate of  
9 Jeffrey Epstein. Your Honor, the real  
10 properties that we are seeking to be appraised  
11 are each found in separate corporations that  
12 are Virgin Islands corporations. Those are the  
13 only substantial assets of each of those  
14 corporations.

15                   So for us to be able to evaluate  
16 these stocks of these corporations, we need -  
17 someone needs- to make a determination as to  
18 what is the value of the underlining real  
19 estate. Now if Your Honor is suggesting that  
20 we should make our own decision as to how to  
21 evaluate the property that's owned by these  
22 corporations, we would do so and then we would  
23 use that as evidence of the value of the  
24 stocks and perhaps if required, we could have  
25 a separate appraiser who could affirm that

1 although it is sort of fairly obvious.

2 THE COURT: Well, Attorney Blum,  
3 I'm saying if the shares are what is owned by  
4 the estate --

5 ATTORNEY BLUM: Correct.

6 THE COURT: The V.I. Corporations,  
7 I'm assuming, they are still in operation and  
8 have corporate government, whether Officers,  
9 Board of Directors, continuing to function  
10 that-- someone needs to make sure that their  
11 cell phone or whatever electronic device they  
12 have is turned off--it also would seem to me  
13 these corporations would have had annual  
14 reports, tax returns, something that would be  
15 able to value what the value of the shares  
16 held.

17 What I am addressing is the  
18 motion to appoint appraisers to appraise real  
19 property when I have the decedent does not own  
20 any real property and any appraisal that I  
21 sent or gave an order to would have been for  
22 real property located here in the Virgin  
23 Islands. So as it pertains to-- Attorney  
24 Smith?

25 ATTORNEY SMITH: Yes, Your Honor.

1 I would just ask, I think what is --Well, or  
2 what the Court may want to inquire of is which  
3 of the companies that was owned by the  
4 decedent own these real properties since  
5 that's what they are suggesting is the case.  
6 That is not clear in the motion.

7 THE COURT: But it's set out in  
8 the petition for probate: 10,000 shares of  
9 Maple, Inc., a U.S. Virgin Islands corporation  
10 which holds title to Nine East 71 Street, New  
11 York.

12 10,000 shares of Cypress, Inc.,  
13 a U. S. Virgin Islands Corporation which holds  
14 title to 49 Zorro Ranch Road, Stanley, New  
15 Mexico;

16 10,000 shares of Laurel, Inc., a  
17 U.S. Virgin Islands Corporation which holds  
18 title to property located in Palm Beach,  
19 Florida;

20 999 shares of SCIJEP, a french  
21 company which holds title to some real  
22 property located in Paris;

23 10,000 shares of Poplar, Inc., a  
24 U.S. Virgin Islands corporation which holds  
25 title to Great St. James Island.

1                   10,000 shares of Nautilus, Inc.,  
2 a U. S. Virgin Islands corporation which holds  
3 title to Little St. James Island.

4                   So it's set out in the petition.  
5 So it would seem to me that's what the Court  
6 -- and in the petition and the filing, there  
7 was an estimated value provided for what those  
8 shares would be so the Court sees no reason,  
9 the Court would need to appoint an appraiser  
10 to appraise the real property. That  
11 information should be to be given by the  
12 corporation, the Officers, from whether your  
13 annual report to verify it, and in your  
14 quarterly accountings in the petition, we had  
15 values presented, the first quarterly  
16 accounting again has values presented so the  
17 Court will deny the motion for the appointment  
18 for the appraiser for the real property  
19 located in New York, New Mexico and Florida.  
20 So that motion is denied.

21                   ATTORNEY BLUM: Your Honor, if I  
22 may, nevertheless, the estate will need to  
23 appraise those properties, at least for estate  
24 tax purposes in order to provide appropriate  
25 value for the estate tax returns.

1 THE COURT: The properties or the  
2 shares?

3 ATTORNEY BLUM: The shares of  
4 stock, the companies that owns the stock, that  
5 owns the real property. Those are going to be  
6 listed in the estate tax returns.

7 THE COURT: And I'm saying to  
8 you, these are corporations functioning--

9 ATTORNEY BLUM: Yes.

10 THE COURT: With Officers, Board  
11 of Directors who can do whatever is needed as  
12 a corporate structure to valuate the shares  
13 owned by its shareholders.

14 ATTORNEY BLUM: Thank you, Your  
15 Honor.

16 THE COURT: Okay.

17 ATTORNEY SMITH: Your Honor, I  
18 would just say that this is kind of an  
19 extraordinary circumstance because it appears  
20 that in a number of these corporations the  
21 decedent was the sole shareholder and I'm  
22 concerned as to what that might suggest to the  
23 estate what they are able to do without input  
24 from the Court.

25 THE COURT: What I'm saying is I

1 have it that these are corporations. I'm  
2 assuming corporations that are operating  
3 according to Virgin Islands corporate law or  
4 any jurisdiction where they have been created.  
5 Corporations having a creation separate and  
6 apart from the shareholders or from the  
7 estate.

8 The estate is saying we own  
9 shares in these corporations. The Court at  
10 this point does not know how the co-executors  
11 are involved with the corporations. I'm  
12 assuming the corporations are operating  
13 separate and apart from the estate because  
14 they are corporations. Unless I have something  
15 different to inform me, I'm taking the  
16 decedent own shares in the listed  
17 corporations- whether he own 100 percent, it  
18 is still entities separate and apart from his  
19 estate. Okay, Attorney Blum?

20 ATTORNEY SMITH: Thank you.

21 ATTORNEY BLUM: Yes, Your Honor.

22 THE COURT: All right. Next motion  
23 that was filed on August 30, 2019. Motion for  
24 the appointment of a Master pursuant to Virgin  
25 Islands Rule of Civil Procedure 53 in which

1 the Executors--co-executors move to appoint a  
2 master, which in summary they set out to  
3 assist the Court with what they believe would  
4 be a complicated probate proceeding.

5 ATTORNEY KROBLIN: Yes, Your  
6 Honor.

7 THE COURT: Attorney Kroblin.

8 ATTORNEY KROBLIN: Thank you,  
9 Your Honor.

10 THE COURT: I said your name but  
11 for the record.

12 ATTORNEY KROBLIN: Yes.  
13 Christopher Kroblin on behalf of the executors  
14 of the estate of Jeffrey Epstein. Your Honor,  
15 we submitted this motion in anticipation of  
16 this estate involving much more work than the  
17 average estate pending before this Court and  
18 in particular to deal with a couple of issues,  
19 one of which --and an important one --is  
20 dealing with administrative costs of the  
21 estate, particularly attorney fees that needs  
22 Court approval.

23 We've submitted now four  
24 different fee applications and we have, I  
25 believe, two more that will be filed this week

1 and another one or two next week. So that  
2 brings it to about a total of eight fee  
3 applications and they are ongoing.

4 For a little background, Your  
5 Honor, we have not addressed yet, there are  
6 numerous lawsuits pending in the United  
7 States. There are some 32 Plaintiffs that have  
8 filed suits in different lawsuits and we have  
9 retained, the estate has retained Counsel  
10 traveling to represent the estate in the  
11 defense of those lawsuits, most all being  
12 filed in New York at this time and some other  
13 ones.

14 So Your Honor, the estate has  
15 urgent need to appear in these matters and  
16 defend the matters. They are currently, you  
17 know, in progress. I guess at this junction  
18 none of them have really gone to the discovery  
19 phase yet but we understand if they were to go  
20 under discovery which is imminent, that the  
21 costs would skyrocket for the representation  
22 of the estate.

23 So the need to timely approve  
24 the fee applications, we find to be highly  
25 important particularly with the number of

1 lawsuits pending and the matter of attorney  
2 fees the estate has sustained in defense of  
3 these lawsuits. That's the reason we've asked  
4 that the Court consider the appointment of a  
5 Master to assist with those fee applications  
6 and he may also be able to potentially assist  
7 with other issues the Court may have or want  
8 to refer to the Master. We've proposed  
9 Britain Bryant who is here in the courtroom  
10 with us today.

11 THE COURT: Attorney Bryant.

12 ATTORNEY BRYANT: Yes, Your  
13 Honor.

14 THE COURT: Good morning, Sir.

15 ATTORNEY KROBLIN: And Your  
16 Honor, he is the oldest practitioner in the  
17 Virgin Islands Bar currently.

18 {Laughter}

19 THE COURT: Oldest practitioner?  
20 I don't think that is what you want to say,  
21 sir. He might be the longest serving  
22 practitioner. I think that is what you want  
23 to say, the longest practice.

24 ATTORNEY KROBLIN: That is  
25 correct, That is correct. And Your Honor, he

1 is, you know obviously, he has many years of  
2 experience, and has been more recently a  
3 partner in a large firm in the Virgin Islands  
4 and he is used to dealing with you know,  
5 engagement of attorneys and fee applications  
6 and knows how they are submitted under the  
7 Virgin Islands Court rules and we submit that  
8 he would be of assistance to the Court to  
9 prepare reports for the Court's  
10 consideration, you know, to review the fees,  
11 all the entries, the rates, and make a  
12 recommendation to Your Honor that may assist  
13 in moving these fee applications along so the  
14 Court can't be bogged down with that. We  
15 know there are many more other complicated  
16 issues that this Court is going to have to  
17 deal with and that are being presented in this  
18 estate and we think that it would be of great  
19 assistance to the more routine fee  
20 applications to have assistance. .

21 We filed our application  
22 pursuant to Virgin Islands Rules of Civil  
23 Procedure 53 which we believe the probate  
24 rules allow to look to the Rules of Civil  
25 Procedure when there's no rule on point in the

1 probate rules. Rule 53 lays out the  
2 requirements for the appointment of a Master.  
3 In particular, Rule 53 authorizes the  
4 appointment of a Master to address pretrial  
5 and posttrial matters that cannot be  
6 effectively and timely addressed by an  
7 available Judge or Magistrate Judge.

8           Your Honor, we believe that  
9 this would help address this aspect of the  
10 case and move the fee applications along, some  
11 of which have been pending for sometime now.  
12 Particularly the Troutman Sanders fee  
13 application. There are two now pending with a  
14 third on its way.

15           THE COURT: Let me ask you this,  
16 Attorney Kroblin.

17           ATTORNEY KROBLIN: Yes.

18           THE COURT: What fee application  
19 comes before this Court? Which are the ones  
20 that have been presented to this Court sitting  
21 in probate?

22           ATTORNEY KROBLIN: I believe any--  
23 the Court's order, when the initial order was  
24 entered, required that all estate attorney  
25 fees be approved by this Court.

1 THE COURT: Estate attorney fees?

2 ATTORNEY KROBLIN: A-hem.

3 THE COURT: Estate attorneys.

4 Who are the estate attorneys? What law firm  
5 is the estate attorney?

6 ATTORNEY KROBLIN: Well, Your  
7 Honor, my law firm, of course, is representing  
8 the estate and the administration of the  
9 estate but with regard to the lawsuits filed  
10 in New York, the co-executors have been sued  
11 on behalf of the estate, essentially. They  
12 have been sued in a number of lawsuits and  
13 those co-executors have gone out and retained  
14 Counsel to represent them in the lawsuit, to  
15 represent the estate in the lawsuit, and so we  
16 believe that those attorneys require approval  
17 of this Court to be paid. If they do not, then  
18 we've resolved an issue, Your Honor, but if  
19 they do and in an abundance of caution, we've  
20 asked, you know, for approval from Your Honor  
21 to not be in violation of the order.

22 THE COURT: All right. Thank you,  
23 Sir. Is there anyone wishing to be heard on  
24 the appointment of the Master?

25 ATTORNEY SMITH: Yes, Your Honor.

1 THE COURT: You know what. Also,  
2 I looked for the appointment of the Master to  
3 also assist in the settlement of claims, but  
4 wouldn't that be addressed under that  
5 Voluntary Claims Program?

6 ATTORNEY KROBLIN: Yes, Your Honor,  
7 we filed the motion for the Master prior to  
8 filing the motion for that so we were unsure  
9 how things would necessarily shake out, if you  
10 will --

11 THE COURT: Okay.

12 ATTORNEY KROBLIN: --in the  
13 Voluntary Claims Program, our motion, so we  
14 submit that if we do have a Master appointed,  
15 you know, it could possibly come into play at  
16 some point. It would be useful in assisting  
17 with that in some manner, but I think it would  
18 depend on how the Court considers to use the  
19 claims program and how it is actually  
20 structured and put together in the end.

21 THE COURT: Okay. Thank you, Sir.  
22 Attorney Smith.

23 ATTORNEY SMITH: Yes.

24 THE COURT: Just again, identify  
25 yourself.

1           ATTORNEY SMITH: Yes, I would, Your  
2 Honor. Ariel Smith again on behalf of the  
3 Government of the Virgin Islands.

4           First of all, Your Honor, we  
5 have the utmost confidence in your ability to  
6 handle this probate estate.

7           THE COURT: I'm glad you do.

8           ATTORNEY SMITH: The utmost. You  
9 have had several years working in probate and  
10 you're excellent in that particular area of  
11 law so we would object just on those grounds.

12           Notwithstanding that, we have  
13 some additional concerns. One, it appears that  
14 the estate is seeking to use the decedent's  
15 estate to pay expenses that--let me rephrase  
16 this.

17           The Court is correct that the  
18 Court would evaluate fee applications relating  
19 to estate attorneys' expenses. The expenses  
20 that they are seeking to have paid are  
21 relating to lawsuits which are not necessarily  
22 expenses that are in the ordinary course of  
23 the business or expenses that are directly  
24 related to the running and the preservation of  
25 the estate.

1                   So I think the proper course  
2 of action should have been when the lawsuits  
3 are filed, the Court needs to be immediately  
4 informed as to what is going on, a proper  
5 motion be brought before the Court and then  
6 they ask for the ability to retain Counsel as  
7 opposed to retaining Counsel and saying, Your  
8 Honor, we need to pay these fees.

9                   We're concerned about those  
10 types of actions without the Court's  
11 authority-- the Court's permission being  
12 sought that would ultimately dissipate the  
13 estate prematurely without this Court having  
14 full knowledge of exactly what's going on.

15                   THE COURT: But wouldn't the  
16 Court have knowledge because the executors  
17 are required to file quarterly accountings.

18                   ATTORNEY SMITH: Your Honor, first  
19 of all, the executors have not even filed an  
20 inventory so at this point, as we sit here  
21 this morning, this Court nor the executors  
22 based on the first quarterly accounting, know  
23 exactly what the assets are within this  
24 estate.

25                   THE COURT: And if I understand

1 it, they didn't file the inventory because  
2 they were waiting for the appointment of the  
3 appraisers; they believed the appraisal was  
4 necessary. We do have the first quarterly  
5 accounting.

6 ATTORNEY SMITH: Well, Your  
7 Honor, if you look at what they provided as  
8 the first quarterly accounting, there's a  
9 number of assets which they indicate to be  
10 undeterminable that are right after the  
11 statement that there's no real property and  
12 then there's a number.

13 THE COURT: Determined by  
14 appraisal.

15 ATTORNEY SMITH: Right, but those  
16 are assets that are related to personal  
17 property; meaning, watches, jewelry-- not the  
18 real estate that they were suggesting as part  
19 of their earlier motion. So it's a different  
20 evaluation that needs to be done to fully have  
21 the Court understand what this estate consist  
22 of. So we believe that the first quarterly  
23 accounting is premature and not complete.  
24 There are a number of issues with it that we  
25 can talk about when the Court gets to that

1 motion. I don't want to be premature with  
2 that but as far as a Special Master, we don't  
3 think it's necessary and we think that we have  
4 to be careful in this estate in having the  
5 executors make decisions about expending  
6 estate assets without previously seeking  
7 permission by the Court and it's also clear in  
8 the quarterly accounting that they have  
9 already begun to do so.

10 THE COURT: Well, under the  
11 terms of the Last Will and Testament of  
12 Jeffrey E. Epstein dated August 8 of 2019  
13 which was admitted into court at Paragraph C  
14 (1), "the testator specifically authorize his  
15 executors to appoint agents, attorneys of law,  
16 consultants, investment advisors and to pay  
17 for such services from the assets of my estate  
18 without obtaining judicial authorization or  
19 approval". The testator specifically provided  
20 for that.

21 ATTORNEY SMITH: Your Honor--

22 THE COURT: Let me continue.

23 ATTORNEY SMITH: Yes, Your Honor.

24 THE COURT: When the Court issued  
25 the order, the Court's order, which is a

1 standing order issued in every estate provided  
2 that attorney fees should not be paid--and  
3 this was an order dated September 6 of 2019  
4 --it provided that the co-executors shall not  
5 pay from decedent's estate any attorneys fees  
6 or co-executors fees for services rendered to  
7 the estate without prior approval of this  
8 Court. It contemplates Virgin Islands Rule of  
9 Probate Procedure, Rule 18, that provides in  
10 part, Simultaneously with the filing of the  
11 final account, an administrator, executor or  
12 attorney shall make application to the Court  
13 for an award of fees and costs where  
14 appropriate for services performed in the  
15 execution or administration of an estate.

16 The fee petition shall clearly  
17 state the hourly rate for fees charged for  
18 services rendered, an explanation of the  
19 services provided and specific dates and time  
20 spent performing such service identified in  
21 the petition.

22 The Probate Court reviews the  
23 fees and expenses of probate counsel, estate  
24 counsel because that is the work that is  
25 before this Court-- whether in filings to the

1 Court, appearances before the Court, so the  
2 Court can then make a determination whether  
3 the fees sought, and the time expended was  
4 reasonable given the nature of the estate.

5 This Court does not review as  
6 the co-executor who had the fiduciary duty to  
7 represent the estate and preserve and protect  
8 its assets, the Court does not then, when an  
9 executor has to hire a counsel for a civil  
10 proceeding, a counsel to represent the estate,  
11 say with the bank and a mortgage proposal,  
12 then say you have to now come in for me to  
13 review those fees because I don't have that  
14 work before me to determine if it's  
15 reasonable. It's estate counsel the Court  
16 reviews the fee application of and that has  
17 been the practice of this Court, of the  
18 Probate Division.

19 ATTORNEY SMITH: I understand  
20 that, Your Honor. This particular case also  
21 presents a unique circumstance in that on  
22 January 17th, based on the filing of a CICO  
23 action there was notice given to the Probate  
24 Court with regard to the Government's lien in  
25 an effort to preserve the assets of the estate

1 based on the pending CICO litigation. So I  
2 think that particular event --

3 THE COURT: Okay.

4 ATTORNEY SMITH: --changed, to  
5 some extent, the Court's oversight over this  
6 estate.

7 THE COURT: And I agree and that  
8 is something we are going to have to flesh out  
9 if this hearing continues this morning--what  
10 now happens when now the Government having  
11 filed that lien, but to address that lien,  
12 correct, and to address whatever civil  
13 proceeding the Government is going to file,  
14 would not the co-executors have to retain  
15 counsel?

16 ATTORNEY SMITH: Well, the  
17 co-executors have been served and counsel for  
18 that proceeding has not made an appearance.  
19 So to that end, we can address it when the  
20 need arises.

21 THE COURT: Okay. I'm going to  
22 pick up the attorneys fees in this matter. I'm  
23 going to go to that now. And I have right now  
24 concerning the appointment of a Master and I  
25 understand what is set forth, I'm going to

1 deny the appointment of the Master without  
2 prejudice. This Court, while there maybe quite  
3 a number of filings; it may be a different  
4 type of probate proceedings, I still see it as  
5 a probate where persons have to, the  
6 co-executors are going out to defend the  
7 estate but as a probate, filing the quarterly  
8 accountings, filing the inventory, keeping the  
9 Court apprised as to what's going on. The  
10 Court is not going to intervene in what may be  
11 happening in New York. I have no authority to  
12 do that. The report would be mailed back to me  
13 that these matters have been settled.

14           Should we go and set up the  
15 voluntary resolution program, it would be  
16 settled from there. The co-executors have  
17 started to convert assets because they have  
18 the authority of law to do that. I see in  
19 the quarterly accountings notations that  
20 properties, vehicles may have been sold and  
21 converted to cash; am I correct?

22           ATTORNEY KROBLIN: Right.

23           THE COURT: As the co-executors,  
24 they have the authority by statute and by the  
25 decedent's Last Will and Testament to do that

1 and all they are doing is keeping the Court  
2 aware of where the assets are, how they are  
3 being used.

4 So the ruling on the Master is  
5 denied without prejudice at this point in the  
6 proceedings.

7 ATTORNEY KROBLIN: Thank you,  
8 Your Honor. If I may just for my client's  
9 sake just so to make sure that I understand  
10 the ruling of the Court because the Order did  
11 say, "the co-executors shall not pay from  
12 decedent's estate any attorneys' fees and  
13 co-executor's fees for services rendered to  
14 the estate without prior approval of the  
15 Court."

16 Is it my understanding that we  
17 know that only applies to the firm  
18 representing the estate and these proceedings  
19 have not --

20 THE COURT: That have always  
21 been my understanding as a Practitioner in  
22 Probate when I practiced probate law and the  
23 time that I'm sitting on the bench because the  
24 Court cannot--I would tie your hands if each  
25 and every time you had to come before me to

1 ask, can this be done? You set forth here in  
2 the motion for approval for Trotman and  
3 Saunders.

4 ATTORNEY KROBLIN: Yes, Your  
5 Honor.

6 THE COURT: I believe he was  
7 retained during the decedent's lifetime. If I  
8 understand the reading, the co-executors are  
9 seeking to pay for services that were rendered  
10 to the decedent; am I correct?

11 ATTORNEY KROBLIN: No, Your Honor.

12 THE COURT: Okay.

13 ATTORNEY KROBLIN: I'm sorry.

14 THE COURT: Okay. Let me hear it.

15 ATTORNEY KROBLIN: We did do that,  
16 Your Honor. We did make payments for services  
17 rendered during his lifetime.

18 THE COURT: Okay.

19 ATTORNEY KROBLIN: The only thing  
20 we've sought the Court's approval for is after  
21 he died the services that were then retained  
22 by the co-executors to represent the estate.

23 THE COURT: But for matters when he  
24 was alive, he was facing, there was a  
25 federal--

1                   ATTORNEY KROBLIN: Uhmm--well,  
2 there was a--

3                   THE COURT: Listen here. Don't  
4 say no. Let me get it. United States versus  
5 Jeffrey Epstein, 19 Criminal 490 Southern  
6 District of New York. This is the motion for  
7 approval of payment of Steptoe and Johnson,  
8 LLP, an Incorporated Memorandum of Law.  
9 During his lifetime he retained the law firm  
10 to provide necessary legal representation.  
11 Upon decedent's death, the Federal criminal  
12 case proceeded until August 29th at 2019 and  
13 Steptoe's representation discontinued shortly  
14 thereafter.

15                   So then I have a fee affidavit  
16 for that, correct?

17                   ATTORNEY KROBLIN: Yes, Your  
18 Honor.

19                   THE COURT: So the decedent had  
20 retained him in his lifetime to represent him.  
21 He died. They continued representation. Now  
22 they're seeking to be paid; am I correct as to  
23 that?

24                   ATTORNEY KROBLIN: They're  
25 seeking to be paid only for the post-death

1 fees incurred. The pre-death fees, the  
2 executors went ahead and paid.

3 THE COURT: Right, but now for what  
4 they did to bring this matter to conclusion,  
5 correct?

6 ATTORNEY KROBLIN: Correct, Your  
7 Honor.

8 THE COURT: I do not see that the  
9 Probate Court--this is not the kind of fees  
10 I'm reading that the Probate Court is said  
11 needed to come before the Probate Court for  
12 approval.

13 So as it pertains to the  
14 motion for approval of Steptoe and Johnson,  
15 Trotman and Saunders--and again, Trotman and  
16 Saunders, then it was renewed with additional  
17 fees, and it is my understanding that Trotman  
18 Saunders, LLP, is representing the estate in  
19 New York for these numerous cases that have  
20 been filed by the alleged victims of sexual  
21 assault, correct.

22 ATTORNEY KROBLIN: Correct, Your  
23 Honor.

24 ATTORNEY SMITH: Your Honor, if I  
25 may just for clarification, I am not sure how

1 the legal fees requested by these firms are  
2 any different than creditors claim.

3 THE COURT: You know how they are  
4 different? I'm going to tell you. They are  
5 different pursuant to Title 15, Virgin Islands  
6 Code, Section 568, "an executor or  
7 administrator shall be allowed in the  
8 settlement of his account all necessary  
9 expenses incurred in the care, management and  
10 settlement of the estate, including reasonable  
11 attorneys fees and any necessary litigation or  
12 matter requiring legal advice or Counsel.

13 When we appoint executors or any  
14 person of fiduciary capacity, we want to make  
15 sure that this person can complete his or her  
16 fiduciary responsibilities to the Court. The  
17 person is given all rights to go and retain  
18 Counsel because the Court says he is taking an  
19 oath to protect the assets of the estate.

20 The fiduciary, the co-executor  
21 goes out and retains Counsel to litigate, to  
22 represent the estate - whether it's in an  
23 automobile accident case, whether it's in a  
24 mortgage foreclosure - wherever the estate is  
25 now being sued, and the Court says by statute,

1 Virgin Islands law says the Legislature has  
2 determined that executor is allowed the  
3 attorney fees in the necessary litigation and  
4 where he needed the legal advice of Counsel.

5 Legal advice of Counsel was  
6 needed, is needed in these ongoing matters  
7 pending in New York. The executors, the  
8 co-executors have retained Counsel to  
9 represent the estate. I'm going to assume the  
10 co-executors is going to retain Counsel to  
11 represent the estate in the action the  
12 Government is going to file against them.

13 What the probate Court reviews  
14 is the expenses of probate administration,  
15 part of which includes, whether it's paid to  
16 estate counsel - in this instance, the firm of  
17 Kellerhuals, right?

18 Before me I have a motion for  
19 approval of Kellerhuals, Ferguson, Kroblin,  
20 PLLC, Interim payment application Number 1 in  
21 which they set out, which they are seeking  
22 fees where they provided to the estate in the  
23 administration of the probate estate from  
24 August 11, 2019 to October 31st of 2019. They  
25 are seeking for this Court to approve those

1 fees. Those are the fees that this Court has  
2 before it where they are required to set out  
3 the date, time, and service provided.

4 Now on review of these fees,  
5 which was provided to the Court by Order, they  
6 had to submit to the Court. Upon my review of  
7 these fees, I'm going to deny your motion for  
8 approval of these fees. Number 1, this Court  
9 does not enter interim orders for fees because  
10 then it requires the Court to be keeping an  
11 accounting system of what fees have been paid  
12 or not paid. This is three months. August  
13 11th to October 31st of 2019.

14 Also, in your fee affidavit,  
15 Counsel is to provide date, time, service  
16 provided. When I opened what is termed a  
17 pre-bill, the bills are seriously redacted.  
18 I, as the Officer charged with reviewing this  
19 fee affidavit to determine if the fees are  
20 reasonable, cannot determine what services  
21 were provided by your law firm in the probate  
22 administration.

23 Let's begin. September 23rd of  
24 2019, attention to--redacted. Reviewed--  
25 redacted. What was reviewed? Legal research

1 and preparation of--redacted. Telephone  
2 conference with Co-Counsel reviewed--  
3 redacted. There are numerous redactions. How  
4 do I know was this work necessary for the  
5 probate administration customary that the  
6 Court would find needed for probate? You  
7 don't provide the services provided.

8 ATTORNEY KROBLIN: And Your  
9 Honor, we would be happy to submit an  
10 un-redacted version for in-camera review. The  
11 reason it was redacted is because we believe  
12 that it contained attorney-client privilege  
13 information that we didn't believe was  
14 appropriate to waive.

15 So Your Honor, we submitted it  
16 in a redacted form and we were going to  
17 request what the Court wanted, once we got  
18 some guidance on how the Court wanted to  
19 proceed on fee applications, to submit an  
20 in-camera un-redacted version.

21 THE COURT: Even if I wanted to  
22 approve this motion, I couldn't. I don't have  
23 information. I don't know what you did on  
24 behalf of the estate because it's struck out.  
25 How is it that I don't understand

1 attorney-client privilege, research on probate  
2 procedures and you know what, that is your  
3 decision.

4           You understand why I am not  
5 going to approve this motion for interim fees  
6 at this time by your law firm.

7           ATTORNEY KROBLIN: Your Honor, if  
8 I may, I understand the Court's ruling and I  
9 think we filed a motion for reconsideration on  
10 the interim payment of fees. We believe it has  
11 been done in the past in states we've  
12 represented.

13           THE COURT: I'm not saying it has  
14 not been done. I said this Court does not  
15 enter interim fee orders. This Court does not  
16 enter interim fee orders.

17           ATTORNEY KROBLIN: Okay, Your  
18 Honor. We respectfully will request to file a  
19 motion brief consideration on that ruling, but  
20 I understand your ruling.

21           THE COURT: You can do that.

22           ATTORNEY KROBLIN: Thank you.

23           THE COURT: And I'm going to tell  
24 you, doing this cursive review, I picked up  
25 one page, November 14 of 2019, I see one

1 attorney, 17 hours in one day. Right.

2 ATTORNEY KROBLIN: Yes, Your  
3 Honor.

4 THE COURT: You understand that  
5 is the kind of-- now, that is what comes  
6 before me and I can sit down and say I see  
7 this probate file. I know what's required to  
8 be filed and done in a probate. I have seen  
9 the attorneys, and that is why it is the  
10 probate fees that are reviewed by this Court  
11 and I can look and say, well, what could an  
12 attorney have done for 17 hours - just one  
13 day, one attorney--this is August 16 of 2019  
14 --for 17 hours?

15 That's why the Court reviews  
16 the probate fees or the fees generated for  
17 probate administration. So this motion for  
18 approval for Kellerhaults is denied without  
19 prejudice at this point in time.

20 ATTORNEY KROBLIN: Thank you.

21 ATTORNEY SMITH: Your Honor, one  
22 of the concerns that we have with regard to  
23 preserving the estate assets is the same  
24 concern that the Court just raised. I  
25 understand the Court's position pursuant to

1 your reading of Virgin Islands law as to the  
2 attorney fees outside of the probate petition  
3 or the probate estate that would not require  
4 consideration by this Court but to the extent  
5 that even in this initial accounting, there  
6 are literally no vouchers, nothing to  
7 support --

8 THE COURT: And I will bring  
9 that up. I will bring that up when we get  
10 there. I know they filed the quarterly  
11 accounting --and I have a note that the  
12 quarterly accounting is deficient.

13 ATTORNEY SMITH: Significantly  
14 so, Your Honor.

15 THE COURT: And when  
16 co-executors file deficient quarterly  
17 accountings or are not doing their accounting  
18 work as the Court requires, the Court has a  
19 process in which the Court can remove the  
20 co-executors or in some way impose a penalty  
21 on the co-executors. The testator in his will  
22 provided for these co-executors to be paid  
23 executors fees. If the Court were to find the  
24 co-executors dilatory in their duties, the  
25 Court could reduce those fees or not award any

1 fees.

2 So there are ways the Court can  
3 deal with co-executors or administrators who  
4 the Court does not believe is completing or  
5 fulfilling their fiduciary duties, but we are  
6 not at that point as yet.

7 Concerning the motions for  
8 Trotman Saunders and Steptoe Johnson, the  
9 Court does not believe it needs to approve  
10 those fees. Those attorneys are being hired to  
11 represent the estate in the civil proceedings.  
12 These matters are not before the Court. The  
13 co-executors have been charged with their  
14 fiduciary duties to preserve and protect the  
15 estate and that means taking on litigation,  
16 determining if they need to hire Counsel.

17 The only Counsel this Court  
18 reviews the application of is probate Counsel  
19 and then in your quarterly accounting  
20 everything will be set forth as to what is  
21 being expended. Persons can raise objections.  
22 Okay. Have we dealt with the fee Ap?

23 ATTORNEY KROBLIN: Understood.

24 THE COURT: Okay. Now what's left  
25 before the Court--well, you know what? Let's

1 deal with the quarterly accounting that was  
2 filed because then based again on how I put  
3 things in categories, the last category  
4 remaining will be this claims program, right?

5           Concerning the first quarterly  
6 accounting that was filed with the Court on  
7 August 31st of 2020, Counsel, again, as the  
8 Government have pointed out, the items listed,  
9 the need to be determined--it says, determine  
10 by appraisal and this first quarterly  
11 accounting covers August 10th of 2019 to  
12 December 31st of 2019. Right? It's signed by  
13 the co-executors.

14           This is the problem I had when  
15 I reviewed it. Again, heavily redacted as to  
16 the bank statements. Then you have copies of  
17 checks I can't even read.

18           Attorney Blum, do you see the  
19 First Bank, Voucher 1, First Bank. Attached  
20 is a check redacted as to who received  
21 \$16,000. The text is so small, I cannot read  
22 them. And pursuant to Rule 5, each expenditure  
23 is to be supported by proper documentation.  
24 For example, we have the funeral expenses,  
25 correct?

1           ATTORNEY BLUM: Correct.

2           THE COURT: Let me get there.

3           Funeral expenses I guess this is to the home,  
4           16,308, it doesn't say what entity. Usually  
5           you would have then the supporting invoice.

6           ATTORNEY BLUM: Your Honor, to the  
7           extent that the vouchers are insufficient, we  
8           will be happy to re-submit.

9           THE COURT: Right. The  
10          expenditures, specifically by that Rule 15,  
11          provides every expenditure or other  
12          disposition of assets must be supported by  
13          proper documentation. So, right, Co-Executors  
14          might have issued a check and then I see the  
15          check redacted as to who the check may have  
16          been made payable to you and no supporting  
17          documentation as to why the checks are issued.  
18          That is just one example. It's very hard for  
19          the Court then to determine if these are  
20          probate related or justifiable expenditures by  
21          the estate. And I think that is the  
22          Government's objection, the objection the  
23          Government has.

24          ATTORNEY BLUM: Your Honor, we  
25          believe when we prepared the vouchers that the

1 bank statements would be sufficient.

2 Obviously, the canceled check are difficult to  
3 read and probably --

4 THE COURT: Okay, you agree with  
5 me. I thought it was just me.

6 ATTORNEY BLUM: No, it's  
7 difficult for me as well but we'd ask that we  
8 do need to redact account numbers which I  
9 assume is not an issue for the Court so long  
10 as it provides proper--

11 THE COURT: Well, you know what--

12 ATTORNEY BLUM: --detail as--

13 THE COURT: I'm going tell you this  
14 about--

15 ATTORNEY BLUM: --to the payees.

16 THE COURT: Sorry, not to  
17 over-speak you.

18 ATTORNEY BLUM: It's all right.

19 THE COURT: At some point you are  
20 going to need to provide those account numbers  
21 because of the final adjudication. That is  
22 what we are adjudicating, if these accounts  
23 are still in existence.

24 ATTORNEY BLUM: We will do so to  
25 that extent, at the end.

1 THE COURT: To the end, that's  
2 fine.

3 ATTORNEY BLUM: We are just  
4 concerned about security with respect to this  
5 particular decedent.

6 THE COURT: That's fine. I mean  
7 the only payee I can read here is the  
8 Government of the Virgin Islands on these  
9 checks. That is the only payee I can see  
10 there. I can follow the electronic fund  
11 transfers, say, I guess, to Verizon, ADT, and  
12 I guess may be just saying there's ongoing  
13 with Verizon, whatever is needed for that, but  
14 some of these others, I can't even see the  
15 amount.

16 So as far as this Court's  
17 quarterly accounting, when would you be able  
18 to provide an appraisal as to the personal  
19 property listed?

20 ATTORNEY BLUM: We are still in  
21 the process, Your Honor, of hiring  
22 appraisers. There are a lot of very valuable  
23 assets in this estate and personal property  
24 that was owned by the decedent or his  
25 companies.

1           Based on Your Honor's ruling  
2 earlier, we will re-evaluate to the extent to  
3 which any of the personal property may have  
4 been owned by an entity, but to the extent  
5 that they were owned by the decedent, we are  
6 dealing with some valuable antiques and  
7 valuable jewelry and a lot of assets in a lot  
8 of places that we have located, but we still  
9 are having to employ appropriate appraisers to  
10 take care of that. We are in the process and  
11 we will continue to do so.

12           THE COURT: Attorney Smith.

13           ATTORNEY SMITH: Yes, Your Honor.  
14 Ariel Smith on behalf of the Government of the  
15 Virgin Islands. In addition to the concerns  
16 that have been previously raised with regard  
17 to the lack of vouchers supporting the checks,  
18 I'd like to draw the Court's attention to, in  
19 particular, the page that states--let me see  
20 if I can get it correct here--Your Honor, it  
21 says, statement of decreases due to sales,  
22 liquidation and payment of expenses.

23           THE COURT: What page?

24           ATTORNEY SMITH: It would be --  
25 when you look for the one that says Schedule

1 D, it purports to be, I guess an indication of  
2 expenses. After you go to Schedule D, you go  
3 to the third page in. The pages are not  
4 numbered so it's difficult for us.

5 THE COURT: Yes, it's very  
6 difficult. Guide me again.

7 Attorney Blum, are you there?

8 I have the Certificate of  
9 Service. ATTORNEY SMITH: The  
10 Schedule C which is a statement of income  
11 collected.

12 THE COURT: Yes.

13 ATTORNEY SMITH: Okay. The next  
14 page after that was to be Schedule D.

15 THE COURT: Statement of  
16 decreases due to sales, liquidation and  
17 payment of expenses. Okay.

18 ATTORNEY SMITH: If you go to the  
19 third page in of that, so that first page is  
20 Schedule D and the second page and then you  
21 get to the third page.

22 THE COURT: Yes.

23 ATTORNEY SMITH: And this, of  
24 course, Your Honor, we have not had an  
25 opportunity since we literally received this

1 by mail yesterday afternoon at 5 0'clock when  
2 the other parties who are apart of the case  
3 received theirs by email earlier that day, so  
4 we did not even get the courtesy of a hand  
5 delivery or an e-mail, but notwithstanding  
6 that, in looking at that, you see two expenses  
7 - one for twelve million dollars to Southern  
8 Country International Limited; another one for  
9 3.5 million to Southern Country International  
10 Limited. From what I understand, these are  
11 not attorneys so I'm not sure why they would  
12 be getting checks that total fifteen million  
13 five hundred dollars.

14 There's no explanation for it  
15 with regard to Schedule F which is a couple of  
16 pages later and again, Your Honor, this is  
17 just a very quick review, we see there's a  
18 statement of creditors claims that they say  
19 have been presented, allowed and paid.

20 Now deferring to the Court's  
21 interpretation of 15 VIC 560 that relates to  
22 attorneys fees I would want to know what would  
23 be the authority for the executors to pay what  
24 they have even classified as creditors claims  
25 without the authority of this Court.

1 THE COURT: The V.I. Statute.  
2 Claims--

3 ATTORNEY SMITH: Well, I  
4 understand that--

5 THE COURT: You asked a question.

6 ATTORNEY SMITH: Right.

7 THE COURT: Claims presented to  
8 the executors are examined and if approved are  
9 paid by the co-executor. If rejected, then  
10 they come before the Court.

11 ATTORNEY SMITH: Yes, Your  
12 Honor, but I see three of these, a number of  
13 these claims are debt claims but there is a  
14 specific claim which is to the Epstein Virgin  
15 Islands Foundation doing business as Enhanced  
16 Education, where is the invoice or whatever to  
17 support that?

18 THE COURT: That is why I think I  
19 just talked to Attorney Blum and he indicated  
20 that he will provide the documentation. Just  
21 like you, I got this first quarterly  
22 accounting yesterday. Just like you, I picked  
23 it up and said, it does not provide the  
24 information necessary for the Court to  
25 determine if these expenditures are proper

1 expenditures.

2 I told Attorney Blum the rules  
3 require the documentation to be attached. So  
4 now he knows. He has to amend, this first  
5 quarterly accounting needs to be amended to  
6 provide the documentation to explain what has  
7 been paid. And that is all I can do at this  
8 point.

9 ATTORNEY SMITH: I understand  
10 that, Your Honor. I am just concerned about  
11 what would appear to be a course of conduct.  
12 That's all I would just say to that matter.

13 THE COURT: Okay and now you are  
14 going to be copied on all the quarterly  
15 accountings. The Government has now filed its  
16 Criminal Activity Lien Notice, I believe, on  
17 the estate. So the estate now knows this  
18 affects everything going forward. Attorney  
19 Blum.

20 ATTORNEY BLUM: Just to  
21 re-confirm, Your Honor, we will amend the  
22 accounting and to the extent that there are  
23 issues, what we would suggest to the Court is  
24 that we could have a separate hearing with  
25 respect to approval of the accounting if it's

1 necessary.

2 THE COURT: Well, the accounting  
3 is not approved as yet. You just continue to  
4 submit your accounting but you need to have--  
5 Attorney Smith is correct, twelve million  
6 dollars. I mean--you know what? Given the  
7 size of this estate maybe that's not  
8 significant. It's still twelve million  
9 dollars to Southern Country International  
10 Limited with no information.

11 ATTORNEY BLUM: And the short  
12 explanation, Your Honor, is there was a  
13 mistake in deposit that was made and this was  
14 the reimbursement of that.

15 THE COURT: Reimbursement? So  
16 this money came back?

17 ATTORNEY BLUM: It came back,  
18 yes. I mean, you can see --

19 THE COURT: Where?

20 ATTORNEY BLUM: Right in the same  
21 spot you were looking at.

22 THE COURT: A check? You know  
23 what?

24 ATTORNEY BLUM: Two point six came  
25 in and 11 came in, and 12 came out and -- -

1 THE COURT: You are right and then  
2 it became, it's less.

3 ATTORNEY BLUM: Yes and that was  
4 one point eight.

5 THE COURT: But you see --

6 ATTORNEY BLUM: You need more  
7 information, Your Honor. We understand.

8 THE COURT: If the documents were  
9 attached, it would have explained it. You  
10 are right, following this, it went in and came  
11 back.

12 ATTORNEY BLUM: Right. It was  
13 because of a mistake as to where the monies  
14 went and that is why it was corrected. Your  
15 Honor, we'll provide that detail with the  
16 amended quarterly accountings.

17 THE COURT: Because it's required.

18 ATTORNEY BLUM: Of course.

19 THE COURT: It is required. By the  
20 probate rules, it's required.

21 Anything else concerning the  
22 quarterly accounting and all quarterly  
23 accountings going forward.

24 ATTORNEY SMITH: Your Honor, I  
25 would just ask -- Ariel Smith, Government of

1 the Virgin Islands. I would just ask that we  
2 be able to brief the issues as they come up  
3 because, again, we have not had a real  
4 opportunity to do more than a cursory review  
5 of it and we'd like to be able to do that so  
6 any concerns that we have with regard to the  
7 first accounting which the Court has not  
8 approved, we'd like an opportunity --

9 THE COURT: We don't approve the  
10 accounting. The attorney has said he is going  
11 to--and you raised concern -- he is going to  
12 amend his quarterly accounting.

13 ATTORNEY SMITH: Your Honor, could  
14 you inquire as to when we would be able to  
15 expect that?

16 THE COURT: He is going to amend  
17 his quarterly accounting and timely file it as  
18 he is required to file quarterly accountings  
19 every three months.

20 ATTORNEY SMITH: Well, no. I  
21 understand that, Your Honor, but to the extent  
22 that the first accounting had some issues, is  
23 it going to be amended in a short period of  
24 time before the second accounting or is it  
25 going to be simply amended in the second

1 accounting? I think we would want to have  
2 some clarification on that.

3 THE COURT: Attorney Blum.

4 ATTORNEY BLUM: Well, the latest  
5 would be by the second quarterly accounting.

6 THE COURT: That's what I'm  
7 saying, quarterly accountings from the date of  
8 the appointment every three months thereafter.

9 ATTORNEY BLUM: Well, to keep it  
10 straight, we'll amend this one and file the  
11 next one and if we can file the amended  
12 version of this sooner than the second one, we  
13 shall.

14 THE COURT: You know, Attorney  
15 Smith.

16 ATTORNEY SMITH: Yes, Your Honor.

17 THE COURT: Probate may be  
18 different than other matters that you have  
19 been involved with. Okay. You have to give  
20 the time for the co-executors to gather the  
21 information to attach it. Now through Counsel,  
22 the co-executors are aware of what's required.  
23 If they were not aware before, they are now  
24 aware of how to file a quarterly accounting  
25 and what documentations need to be attached.

1 Right. Rule 15.

2 And the consequences of failing  
3 to file your quarterly accountings as set out  
4 in Rule 16, in which I explained, they can be  
5 brought before the Court on a show cause,  
6 Attorney Smith, and you can move for this  
7 Court to cause them to come before the Court  
8 to show cause if any, why they should not be  
9 punished for contempt of Court. That is always  
10 an option.

11 ATTORNEY SMITH: Thank you, Your  
12 Honor.

13 THE COURT: Okay. All right. The  
14 claims that have been filed, the Voluntary  
15 Claims Resolution Program and the Criminal  
16 Activity Lien notice filed by the Government.  
17 Attorney Blum.

18 ATTORNEY BLUM: I would like to  
19 call on attorney Andrew Tomback to address the  
20 Court and present testimony with respect to  
21 the Voluntary Claims Program, if it please  
22 Your Honor.

23 THE COURT: But, you know what?  
24 I don't mean --and I see Attorney Smith, I  
25 understand that Voluntary Claims Resolution

1 Program is what is being proposed by the  
2 estate to address these claims that are going  
3 to be filed in multiple jurisdictions,  
4 numerous of them pending in New York, right?

5 ATTORNEY BLUM: Correct. Most of  
6 them.

7 THE COURT: Most of them in New  
8 York. There's also in Florida.

9 ATTORNEY BLUM: And Minnesota.

10 THE COURT: And Minnesota, right.

11 ATTORNEY BLUM: And we expect more.

12 THE COURT: And we expect more.

13 Let me summarize it --and  
14 everyone listen and if anybody has an  
15 objection to what I am going to say, then you  
16 can raise it.

17 How I read, all the persons who  
18 have filed claims through Counsel present here  
19 in this courtroom, they have, the claimants  
20 have no objection to the Voluntary Claims  
21 Resolution Program. Their concern is how much  
22 money is to be expended to set up this  
23 program.

24 I think it was Attorney Benham--  
25 is he still here? Do you see him in the

1 courtroom-- who raised those concerns and said  
2 what are you going to do with the expenditures  
3 for rents, paying salaries, just the cost of  
4 setting it up. That was his concern, am I  
5 correct, Attorney Benham?

6 ATTORNEY BENHAM: Yes, Your Honor.  
7 Can I approach?

8 THE COURT: Yes. Well, you know  
9 what, cause I'm just doing a summary and I  
10 just wanted you to confirm and then I can let  
11 you approach to supplement.

12 Who opposed the claims program  
13 is the Government.

14 ATTORNEY BLUM: Right.

15 THE COURT: Because the  
16 Government, Attorney Smith, listen and see if  
17 I'm correct-- because the People have filed  
18 this Criminal Activity Lien Notice, and this  
19 lien notice is against the Estate of Jeffrey  
20 E. Epstein; Jeffrey Epstein; the 1953 Trust;  
21 Plan D, LLC; Great St. James, LLC; Nautilus,  
22 Inc.; Hyperion Air, LLC; and Poplar, Inc.

23 And reading what's under the  
24 Statute, the Statute provides that on the  
25 filing of this lien, this is Title 14, Virgin

1 Islands Code, Section 610 *"This lien shall*  
2 *commence and attach as of the time of the*  
3 *filing with the Criminal Activity Lien Notice*  
4 *and shall continue thereafter until*  
5 *expiration, termination or release. The lien*  
6 *created in favor of the Government of the*  
7 *territory of the Virgin Islands shall be*  
8 *superior to and prior to the interest of any*  
9 *other persons in the personal or real property*  
10 *or beneficial interest in, if the interest is*  
11 *acquired subsequent to the filing of the*  
12 *notice."*

13 So that all being said, with The  
14 People having filed their Criminal Activity  
15 Lien, hasn't it put everything on hold?

16 ATTORNEY BLUM: It should not, Your  
17 Honor.

18 THE COURT: Tell me why not.

19 ATTORNEY BLUM: The reason is that  
20 the probate code itself, which is not  
21 addressed in the Government's papers, state  
22 very clearly --and I can find the cite for you  
23 if you need it --

24 THE COURT: Yes.

25 ATTORNEY BLUM: --that the

1 administration expenses of the estate have  
2 priority, virtually priority over everything  
3 else the estate needs to be administered. The  
4 problem that the executors will have is these  
5 liens are in fact defective which we believe  
6 they should not be and we will be asking Your  
7 Honor to either dismiss them or we will do so  
8 before Judge Dunston in the other matter under  
9 which they've filed the Complaint.

10 With out that, we question  
11 whether we can expend anything. We believe  
12 that that is not correct under Virgin Islands  
13 probate Code and that it is Your Honor who  
14 controls in every respect the co-executors  
15 actions with respect to what they expend and  
16 what they don't expend and what they can not  
17 expend and that is the point that we will make  
18 in papers when we file them with respect to  
19 those liens.

20 THE COURT: Because now there's a  
21 question because I have here-- I know you're  
22 pointing to Title 15, Virgin Islands Code,  
23 Section 421, preference in payments of claims  
24 and charges. Is that what you are talking  
25 about?

1 ATTORNEY BLUM: That is correct.

2 THE COURT: In administration,  
3 funeral charges, taxes, expenses, debts  
4 preferred by law, debts which is the debt of  
5 the deceased were a lien upon his property of  
6 any rights or interest, debts to employees, all  
7 other claim against the estate.

8 Where would this lien, this  
9 Criminal Activity Lien fall, because they, by  
10 the statute, 14 VIC 610, if I'm reading it,  
11 everything has been locked down.

12 ATTORNEY BLUM: That was our first  
13 reading as well, Your Honor.

14 THE COURT: Okay.

15 ATTORNEY BLUM: And that is our  
16 concern with respect to that.

17 THE COURT: Except may be for the  
18 basic administration of the estate but as far  
19 as it goes to settling claims because if that  
20 is-- okay, the estate can continue to  
21 function.

22 ATTORNEY BLUM: Thank you.

23 THE COURT: I have no problems  
24 with that. If the estate has to pay  
25 taxes--Attorney Smith, the estate has to pay

1 taxes, it pays its taxes, right?

2 ATTORNEY SMITH: That is correct,  
3 Your Honor.

4 THE COURT: If the estate has to--

5 ATTORNEY SMITH: Pay its  
6 employees.

7 THE COURT: Thank you. Pay its  
8 employees; if the estate has to pay its  
9 attorneys, other than estate Counsel, because  
10 the estate now has attorneys who have to come  
11 in and represent him in this matter --Now,  
12 this civil-- I know --

13 ATTORNEY SMITH: I'm not happy  
14 about that.

15 THE COURT: I know you are not  
16 happy with that civil forfeiture matter-- but  
17 what it seems to me that the estate cannot do,  
18 the estate cannot pay claims, cannot pay these  
19 claims that have been filed by the persons  
20 that may be coming out of New York-- whether  
21 they get a judgment out of New York or whether  
22 they come in to this Claims Resolution  
23 Program-- that is how I'm reading that, that  
24 by this the Government has said, stop because  
25 and I read that in part of your filing because

1 the Government is concerned that you could  
2 then start this program, start entering  
3 settlements, paying out settlements and then  
4 when the Government comes, there's nothing at  
5 all.

6           ATTORNEY BLUM: The program will be  
7 recommending settlement. It will be approving  
8 settlements that will be paid by the estate.  
9 They will need to be paid if, in fact, we  
10 adopt the program. The problem is that if we  
11 do not proceed to the program, it will tend to  
12 waste estate assets because, as Attorney  
13 Kroblin refered to earlier, we will now have  
14 to go much heavier into litigation that are  
15 already pending. We will need to expend  
16 additional expenses on attorneys fees and  
17 other expenses relating to those litigations  
18 especially with respect to discovery since  
19 there's at least 22 of them that will be a  
20 very large amount.

21           Since at least the claimants who  
22 have spoken up, appear to be in favor of the  
23 program, that is why we would like to get the  
24 program approved quickly, as soon as Your  
25 Honor is prepared to do so. And then we still

1 have to deal with the liens. That is a  
2 separate issue. It might prevent the actual  
3 payment but if we can promptly deal with the  
4 liens even after we have started the program,  
5 that would be to the estate's advantage  
6 because we would not have this additional  
7 litigation expense, and once we get to the  
8 point of actually having to pay out the  
9 settlements via the program or otherwise,  
10 other settlements, that would be the way we  
11 think that we should be proceeding.

12 THE COURT: You see, Attorney  
13 Blum, how you described it, that was my  
14 thought process. That if you have the  
15 settlement resolution program quickly, I mean  
16 fairly quickly dealt with, because if not, if  
17 you don't use that program, then what you  
18 have is these multiple lawsuits proceeding,  
19 attorneys being retained to represent the  
20 estate in these actions and judgments being  
21 entered but you have no control of and the  
22 judgment will have to be paid whether it's a  
23 settlement through this program or a judgment.

24 But my question is right now by  
25 what The People have filed and you said that

1 was your initial reading of it, what has  
2 changed?

3 ATTORNEY BLUM: My initial concern,  
4 I'm concerned--

5 THE COURT: Well, that is my  
6 concern too.

7 ATTORNEY BLUM: --that this Court  
8 and the Government feel that we shouldn't be  
9 spending anything on virtually anything. You  
10 have already confirmed that we can administer  
11 the estate for which we appreciate that, but  
12 part of the administration of the estate is  
13 also dealing with these claims.

14 THE COURT: Yes, I know but now  
15 these claims are going to be paid from where?

16 ATTORNEY BLUM: They are going to  
17 be paid from estate assets, no doubt.

18 THE COURT: And The People have  
19 just put a lien and the lien provides that  
20 nothing could be paid out of those assets.

21 I can understand that you need  
22 to do it today and I think Attorney Smith  
23 understand that but their concern is that you  
24 cannot pay claims and you cannot set up this  
25 program.

1           Attorney Smith, then what would  
2 you have the estate do? Then the estate is  
3 going to go into New York and Minnesota and  
4 Florida and wherever else and having to retain  
5 Counsel for all these lawsuits.

6           ATTORNEY BLUM: And Your Honor.

7           THE COURT: Yes.

8           ATTORNEY BLUM: These claimants  
9 will be denied timely compensation which is  
10 one of the things that the co-executors very  
11 much wish to avoid. We wish to compensate them  
12 promptly. They were interested in having this  
13 program go forward and that is what we would  
14 like to do.

15           ATTORNEY SMITH: Your Honor,  
16 first of all, the program and I mean-- let me  
17 go back. Let me go to the podium, Your Honor.

18           Ariel Smith on behalf of the  
19 Government of the Virgin Islands. I think  
20 Virgin Islands law is clear as to what the  
21 Criminal Activity Lien is. I don't think from  
22 my estimation there's any dispute but beyond  
23 that, I think that there's a misunderstanding  
24 as to what the Government is saying.

25           Besides the Criminal Activity

1 Lien Notice, we have stated an opposition to  
2 the plan as proposed and what we did in our  
3 opposition is we indicated the areas in which  
4 we have concerns about the plan as proposed.  
5 One of the areas that we were concerned with  
6 is that the plan as proposed, presumes to  
7 exonerate other people besides the estate of  
8 Jeffrey E. Epstein.

9 ATTORNEY BLUM: Your Honor, we  
10 haven't had a chance to present our motions  
11 yet and she is providing all--

12 THE COURT: You know what? Yes.  
13 And I have no idea what you are speaking of.

14 You know what? Attorney Smith,  
15 if I could, the estate was going to provide  
16 the Court with more information concerning  
17 this plan this morning.

18 ATTORNEY SMITH: Okay, and to  
19 that end, whatever is provided this morning,  
20 we have no information as to it and the  
21 information that was provided in the  
22 opposition we received yesterday, we have not  
23 had an opportunity to reply to it because we  
24 just saw it, so it might be premature.

25 And finally--and this is the

1 last thing I'm going to say with regard to  
2 this until I'm called again -- but we believe  
3 that setting up this plan without the Court  
4 having a full inventory and a complete  
5 accounting that has vouchers and all the other  
6 deficiencies that were missing from this  
7 accounting would be premature.

8 THE COURT: Okay. So let the  
9 Court say this: I'm not going to make any  
10 decision on this plan, whether creating this  
11 plan or it shouldn't be created or should be  
12 put in place this morning because I have no  
13 information as to the plan because in the  
14 submissions from the estate, they set forth, I  
15 think several times that full information will  
16 be brought to the Court this morning.

17 I'm going to allow you then to  
18 provide that information. Then I'm going to  
19 allow Counsel present to make their comments,  
20 arguments, for or against the plan but there  
21 is going to be no decision this morning  
22 because I do not have full information as to  
23 this plan.

24 Then, I'm going to have to say  
25 if this Court were to structure, set up, allow

1 --first of all, do I even need to be the one  
2 to allow the co-executors to establish the  
3 plan, moving estate assets, and if that's the  
4 way, I need to know how much estate assets are  
5 you going to move; how does that import with  
6 the Criminal Activity Lien Notice that the  
7 People have filed; is there anyway for me to  
8 get around it; can the two sides, with the  
9 People work that out and say so much can go  
10 into the plan? Yes, we don't want to affect  
11 claimants but we also have to know we have a  
12 claim; The People have filed their claim.

13                   And you know, for none of  
14 the claimants before this Court do I have  
15 numbers; right. There are no numbers so I  
16 can't even say set aside this amount. There  
17 are no numbers. Everything is, you know,  
18 speculation, a judgment, we're going into  
19 court but there are no numbers which is  
20 unusual because when claims come before the  
21 Court, a claim by the Statute, that is how we  
22 determine claims. It sets out the specific  
23 amounts.

24                   ATTORNEY BLUM: If we might at  
25 this time, I would like Attorney Tomback to

1 provide the Court, via witnesses, with much of  
2 the information that you are inquiring about  
3 and that the Government is inquiring about and  
4 at the end of that presentation, then Your  
5 Honor can ask whatever questions.

6 THE COURT: Testimony? Are you  
7 going to have written documents?

8 ATTORNEY SMITH: That is my  
9 concern also.

10 ATTORNEY BLUM: Yes.

11 THE COURT: I thought it to be  
12 written documents with how much is going to be  
13 expended for rents, money - not testimony.

14 ATTORNEY BLUM: It would be both,  
15 Your Honor.

16 ATTORNEY SMITH: Your Honor, I  
17 think this is part of the Government's concern  
18 and this is Ariel Smith again for the record.

19 The Estate needs to be  
20 forthright with the Court about every aspect  
21 of whatever it is they are proposing even  
22 though again we maintain it's premature  
23 because if they haven't at this juncture --  
24 they are making this plan proposal but they  
25 haven't even done the basics which is to give

1 the Court an inventory and based on its  
2 motion, they have until March 2nd  
3 approximately, to provide this inventory so to  
4 even get into a plan without an inventory so  
5 the Court knows, essentially the lay of the  
6 land, is extremely premature and then to  
7 proposed the plan before the Court without  
8 any writings, without any opportunity to vet  
9 it properly, it's highly irregular.

10 THE COURT: If I understand it,  
11 Attorney Tomback is going to provide the Court  
12 with how much he believes, how much the plan  
13 would cost. Am I correct?

14 ATTORNEY TOMBACK: Your Honor,  
15 Andrew Tomback on behalf of the executors. I  
16 have been admitted pro hac vice. I know I can  
17 do this later but my oath is here if Your  
18 Honor wants it.

19 THE COURT: Yes. Please file it  
20 in the proper way into the Court.

21 ATTORNEY TOMBACK: It's our  
22 intent to have Your Honor's permission to call  
23 three witnesses. The first witness, Jordana  
24 Feldman, and they all will be supported by  
25 documents, documents which have been available

1 in the public domain, some of which have been  
2 filed by the Court and available to the  
3 Attorney General, that describes the program  
4 in great detail.

5 The reason for the program; why  
6 it makes sense to the victims; why it makes  
7 sense, I think, for everybody in terms of the  
8 estate not to be litigating in various places  
9 and spending money on litigation.

10 Quite frankly, I think that if  
11 the Attorney General hears from these  
12 witnesses, I can tell you about it in a  
13 moment, but if the Attorney General hears from  
14 these witnesses, I believe that we'll address  
15 every concern that the Attorney General has  
16 raised, including whether in fact we can pick  
17 a particular number as a number of dollars  
18 that Your Honor at this time, Your Honor can  
19 say, okay, that is the right number because we  
20 don't have the whole number of victims and so  
21 forth, and I would defer, quite frankly I'm  
22 just a lawyer, but the people I'm going to  
23 call, Jordana Feldman who was the  
24 Administrator of the 911 fund has tremendous  
25 experience. This is the first witness we would

1 like to call with respect to that, Your Honor.

2           The second witness is Ken  
3 Feinberg. Mr. Feinberg from the beginning of  
4 his career involving Agent Orange and working  
5 with the Judge in the United States to solve  
6 what seemed to be an intractable problem, has  
7 done plans like this more than any person  
8 alive - not just in the United States but  
9 anywhere.

10           And then the third witness is my  
11 colleague, Mr. Weiner, who also represents the  
12 estate who would briefly testify regarding why  
13 the estate itself is going to be harmed (a) if  
14 the Attorney General lien, as you put it,  
15 makes everything grind to a halt, not only the  
16 victims or the alleged victims or the  
17 claimants - whatever you want to call them,  
18 but also the estate.

19           I'd just like the opportunity to  
20 put them forward. I think it will clarify a  
21 great deal for Your Honor, the Attorney  
22 General. I think in fairness to the people  
23 and the Court who don't have an opportunity to  
24 speak because they are not admitted to hear  
25 how we believe this will help people who

1 alleged that they've been harmed, people who  
2 are claimants.

3 THE COURT: But there is still  
4 the concern. If I understand it, the People  
5 are the only ones opposing the establishment  
6 of this program, right, as proposed but there  
7 is nothing proposed.

8 ATTORNEY TOMBACK: Your Honor,  
9 we can bridge the enormous gap because the  
10 Attorney General's understanding and  
11 expression in our papers of what is proposed  
12 is not what is proposed and I think if we hear  
13 from the witnesses, we'll understand from the  
14 witnesses what is really proposed and I think  
15 the Attorney General can have every  
16 opportunity to cross examine them.

17 ATTORNEY SMITH: Your Honor, but  
18 we are not prepared to do that today, Number  
19 1.

20 THE COURT: You know, that is  
21 true. You told me, because I did not know  
22 that you were going to have all these people  
23 here.

24 ATTORNEY SMITH: And so we are  
25 not prepared to do that today because we

1 haven't had an opportunity to vet this  
2 question, but more importantly, we still  
3 haven't found out from the executor what does  
4 this program cost. Do you have those numbers?  
5 That is the preliminary question. We can hear  
6 all about, you know, all the touchy-feeley,  
7 whatever.

8 THE COURT: Okay, Attorney Smith.  
9 Let's hear from some of the other attorney  
10 representing.

11 Attorney Benham, do you want to  
12 come forward or any other attorney wishing to  
13 speak in this matter? Just identify yourself.

14 ATTORNEY TOMBACK: By the way,  
15 Your Honor, I just want to make one thing  
16 clear just so Your Honor understands. I think  
17 Your Honor knows this but we're here now and I  
18 understand your concerns but speed is of the  
19 essence. I think that the victims or the  
20 claimant's counsel will speak to that.

21 But we made our motion with  
22 respect to that, Your Honor, on November 14th.  
23 We then filed again on December 13th. The  
24 Attorney General is late to the game, right,  
25 so she says she's not prepared but she wants

1 to stop us.

2 THE COURT: But listen, you filed  
3 your motion to establish the program, right,  
4 without--

5 ATTORNEY TOMBACK: That is all we  
6 want to do now, Your Honor.

7 THE COURT: Yes, but you want me  
8 just carte blanche go and establish the  
9 program? You never gave the Court any  
10 numbers. We didn't know what numbers we were  
11 dealing with. We didn't have a quarterly  
12 accounting. We didn't have an inventory.  
13 That's part of the objections the People are  
14 making and now--

15 ATTORNEY TOMBACK: Your--

16 THE COURT: --let me finish--so  
17 don't tell me cause you told me when you filed  
18 your motion. I know when you filed your motion  
19 but I was not prepared to rule because there  
20 was no information for this Court to rule on  
21 that motion. So now if I understand it and  
22 then motions or filing to the Court during the  
23 course of the week said the Court will be  
24 given this information at the hearing. Well,  
25 I didn't know what kind of information you

1 were coming with at the hearing. Now you say  
2 you are coming with witnesses. My thing and I  
3 specifically said Attorney Benham made one of  
4 the most salient arguments --no objections to  
5 the plan but what is the cost of the plan.  
6 Everybody just want to know what you are going  
7 to do to set this up. And that is what I want  
8 to hear. Let me hear from other counsel,  
9 please, sir.

10 ATTORNEY TOMBACK: Sure.

11 ATTORNEY FOSTER: Good morning,  
12 Your Honor. Sean Foster. Our firm represents  
13 probably two dozen of the victims - probably  
14 the majority of the victims that are going to  
15 be filing claims against the estate and we are  
16 absolutely in favor of this program. We think  
17 it's a great program that will provide redress  
18 to the victims without the need for protracted  
19 litigation and we feel that to derail that  
20 process at this stage would not be in the best  
21 interest of those victims.

22 We don't disagree that more  
23 information is required and I think that's why  
24 we are here today - to get more information so  
25 that we can move forward and support that

1 program for our clients. That is where we  
2 stand on that position, Your Honor.

3 THE COURT: Thank you, Attorney  
4 Foster.

5 ATTORNEY FOSTER: You're welcome.

6 ATTORNEY D'AMOUR: Good morning,  
7 Your Honor. Kevin D'Amour. We represent five  
8 different victims. I would echo what Mr.  
9 Foster just said but I want to make it clear  
10 that if we fail to establish a program that is  
11 cognizant of the harm that's caused to these  
12 victims it's going to be far more  
13 discriminatory than what the Government is  
14 trying to propose or object to.

15 I think if we go forward with  
16 this program we are going to see great results  
17 and I think we are going to have a much better  
18 outcome if we can go forward with this program  
19 as soon as possible.

20 THE COURT: Thank you. Attorney  
21 Benham.

22 ATTORNEY BENHAM: Good morning,  
23 Your Honor. John Benham on behalf of one  
24 claimant, Jane Doe. I assume at some point  
25 during our proceedings today we are going to



1 get to the issue of how the creditors are  
2 going to proceed in this by pseudonym or  
3 however, but as far as the voluntary  
4 compensation program, as we stated in our  
5 papers that were filed on December 23rd, we  
6 don't oppose the creation of the program but  
7 we don't know what the program is.

8 We don't know in particular, the  
9 expenses that are going to be entailed in just  
10 creating the program in the first place. We  
11 don't know and we still don't know, even after  
12 the first quarterly accounting, what is in the  
13 estate, whether or not the program intends to  
14 divulge making all of the estate assets  
15 available.

16 I think the estate has responded  
17 that yes, all of the assets, I believe they  
18 have said that all of the assets are available  
19 because under the terms of the will, the  
20 executors have to pay all of the debts in all  
21 of the claims that are approved and only after  
22 that the rest and residue of the estate and  
23 assets will be poured into the trust that was  
24 created under the will. At least that is the  
25 way I understood it.

1 THE COURT: Except for now what  
2 the Government has done.

3 ATTORNEY BENHAM: That is a new  
4 development, Your Honor.

5 THE COURT: Yes. That is what I am  
6 saying. That is what has now maybe thrown  
7 everything and I got notice of this January 23  
8 of 2020, right. That is a whole different  
9 something to look at. What does that do to  
10 what it may bring to the proceedings or  
11 persons going under?

12 ATTORNEY BENHAM: I didn't get  
13 notice of that until last Friday, Your Honor,  
14 because the Government didn't serve anybody  
15 except for the estate as far as I can tell so  
16 as far as these proceedings, there's no- - so  
17 I'm not here to address whether or not the  
18 CICO lien is as all encompassing as the  
19 Government claims it is which basically  
20 freezes every single asset of the estate and  
21 say no, you can't pay anybody. I would  
22 understand that is what they say the effect of  
23 the CICO lien is.

24 I would be, if the Court wishes  
25 us and the other creditors who have filed

1 claims in this matter to address that, I would  
2 suggest that perhaps a briefing schedule  
3 should be established on that particular  
4 issue.

5 THE COURT: I think that may be  
6 appropriate and the People then could respond  
7 because that is now the quandary I believe the  
8 Court is in because now I have what maybe  
9 going on in another court. I have the lien.  
10 There's nothing else but it tells me a lien  
11 against all and it lists specific assets and  
12 it begins with the estate of Jeffrey E.  
13 Epstein so if all these things, the shares in  
14 all these corporations is sitting in that  
15 estate, that is why I say does that then stop  
16 everything.

17 ATTORNEY SMITH: Your Honor.

18 THE COURT: Let me hear from the  
19 other Counsel.

20 ATTORNEY SMITH: I just wanted to  
21 clarify one thing. The claims that are  
22 represented here are the same kind of claims  
23 that the Government has. Their claim is not  
24 with regard to the lien itself, but the nature  
25 of the claims. It's the same exact type of

1 claim for those who are in New York courts or  
2 other courts. So there's no distinction  
3 between the claims that the Government has in  
4 terms of the nature of the claims and claims  
5 that are presented by these other claimants in  
6 this case.

7 THE COURT: I don't know. I just  
8 know people have filed claims; claims of  
9 sexual assault, claims without any monies  
10 attached to it indicating that they have filed  
11 them in a Court of law and saying maybe they  
12 can resolve them through this settlement  
13 probate.

14 ATTORNEY SMITH: And also one of  
15 those same type of --

16 THE COURT: You're saying sexual  
17 trafficking.

18 ATTORNEY SMITH: Well, the point  
19 I'm making, Your Honor, is that their claims  
20 had no numbers nor do all claims and they are  
21 all filed in court.

22 THE COURT: And I said that and  
23 everybody has filed their claims here with no  
24 numbers.

25 ATTORNEY SMITH: Right.

1 THE COURT: So if I were to say  
2 those are claims, those claims don't comport  
3 with what the Statute requires but I'm  
4 allowing people at some point to fix numbers  
5 on them, they're coming in as claims. If I'm  
6 just sitting strictly on probate and just  
7 reading what probate requires, it requires you  
8 to have affixed a number. Nobody has affixed a  
9 number but I can understand why you can't fix  
10 a number cause you are just, to me, preserving  
11 a claim that you say I may perfect somewhere  
12 by getting, may get a judgment and then if I  
13 don't or I don't want to try to get this  
14 judgment, I'm willing to resolve this matter  
15 through this voluntary settlement program.  
16 Correct? Right. Everyone?

17 ATTORNEY FOSTER: Yes. I think  
18 setting up the program is different than  
19 paying out under the program. We want to move  
20 forward with setting something up; we are not  
21 talking about paying out. That is different.

22 THE COURT: Attorney Foster, that  
23 was one of the things and the note I have is  
24 that's what it is. You just want to have this  
25 program in place. You just want them to start

1 talking with the alleged victims and maybe  
2 then you just have matters are settled, but  
3 you still know I have to wait for whatever is  
4 going to pan out here with this CICO lien.

5 ATTORNEY FOSTER: But I think  
6 that program will also help flesh out what  
7 those numbers are for each claimant cause each  
8 claimant is very different.

9 THE COURT: Okay, Sir. Let me  
10 hear from final Counsel.

11 ATTORNEY CHANCO: Douglas Chanco  
12 here for the record. Your Honor, to build on  
13 Attorney Benham's argument that I'd like to  
14 adopt, this Court has kind of touched on our  
15 concerns already so I will be brief.

16 The setup of the fund is not  
17 what my claimant Araos's issue is. It's the  
18 fact now that we've been hearing today of 32  
19 plaintiff's lawsuits and the funding of any  
20 sort of claims program and we just--even with  
21 the fact that Your Honor stressed, I have not  
22 been able to provide a number as no other  
23 claimant has, I would cite to the filing on  
24 January 31st of this year in Schedule G. My  
25 client's case is the first one listed on

1 Schedule G; it is a New York State case. It is  
2 proceeding . It is not one that may possibly  
3 be filed or is intended to be filed. It is  
4 going forward at this time and her New York  
5 Counsel is present here so we would just ask  
6 the Court to, again, take concern as to  
7 funding of any amount from the estate for the  
8 payment claims at this point as we have a  
9 valid claim to present and preserve at this  
10 point.

11 ATTORNEY WESTFALL: Your Honor,  
12 may we be heard?

13 THE COURT: Yes. State your name  
14 for the record, please.

15 ATTORNEY WESTFALL: Melody  
16 Westfall. Your Honor, we would ask that the  
17 estate be allowed to resolve the claims Your  
18 Honor ruled earlier today that the estate  
19 would be allowed to settle some claims and we  
20 would urge you to allow the --

21 THE COURT: No, I don't recall  
22 that. I said the estate could pay its  
23 attorneys, except probate attorneys.

24 ATTORNEY WESTFALL: Well, we  
25 would argue that the lien applies after what

1 claims are paid. This is about the victims.  
2 It's about the people's whose lives are ruined  
3 and we are very in favor of the voluntary  
4 program. The victims desperately need help.  
5 It's pressing and we would urge the Court to  
6 hear from the administrators and perhaps we  
7 can resolve this today. Thank you, Your  
8 Honor.

9 THE COURT: Thank you.

10 Have I heard from all the  
11 attorneys representing persons who may be  
12 filing or have filed claims against the  
13 estate?

14 ATTORNEY BOURNE-VANNECK: Good  
15 morning, Your Honor. Richard Bourne-Vanneck on  
16 behalf of the claimant Tela Davis. I would  
17 second the issues that have been raised by  
18 Attorney Benham. I thought he did it  
19 adequately so that is why I sat back down.  
20 Thank you.

21 THE COURT: Thank you. So if I  
22 understand what the persons here, the  
23 attorneys representing the claimant, what we  
24 really just need to get is testimony on the  
25 numbers. I think everybody says they're in

1 favor of this program. They're satisfied how  
2 the program may be set up. We just need to  
3 know how much monies we are talking about that  
4 would be allotted to this program.

5 ATTORNEY SMITH: Your Honor, I  
6 would just state one thing. I really just  
7 want an opportunity to present our own  
8 witnesses. I think there's information that we  
9 may have that I would like to present to the  
10 Court also before the Court can make its final  
11 decision.

12 THE COURT: I'm not making a  
13 decision. I specifically said that. I'm  
14 going to take the testimony because the  
15 persons are here to testify.

16 ATTORNEY SMITH: Okay.

17 THE COURT: I think I specifically  
18 said I'm not ruling on this and I'm also going  
19 to require Counsel to brief the Court on the  
20 effects of this lien as to anything how this  
21 estate proceeds as far as it wants to set up  
22 the claims. I understand that the estate just  
23 want at this point permission to set up this  
24 program. That is what I am understanding -  
25 permission to set up the program.

1           Then the question will be and  
2 thereafter once the program is set up, you go  
3 ahead and start to talk to the alleged  
4 victims, would any settlement then have to  
5 wait until resolution of this criminal  
6 forfeiture in the civil action?

7           I'm going to ask Counsel to  
8 brief the Court and provide to the Court say  
9 within thirty days memorandums of law to  
10 assist the Court on that but I'm going to  
11 allow you to present-- I think everybody has  
12 agreed that at this point they have enough  
13 information as to what this program would  
14 entail.

15           My law clerk, Attorney Harrigan  
16 did some research on this program and he  
17 provided to the Court that this similar  
18 program has been done with 911 victims, the  
19 Archdiocese of Los Angeles with its sexual  
20 assault cases.

21           So it's not a program that has  
22 not been used by other persons. It's just as,  
23 I think, the estate has said, this may be a  
24 new one in a probate but it has been done,  
25 tried, tested, worked. I think we are just

1 here and all Counsel for claimants have said  
2 they support the program because they believe  
3 it will be a quick resolution for these  
4 victims, alleged victims, rather than having  
5 to go to court and testify, right, in open  
6 court and have to present a full claim.

7 To me, it also has to reduce  
8 attorneys' fees on both sides significantly.  
9 Just how much will be set up maybe the Estate  
10 can work with the People as to what -- because  
11 it's the People, the Government is the  
12 opposition. That's where your opposition is.  
13 I have no other opposition but the Government  
14 and maybe their mistake is just try to work  
15 with the Government with regard to what the  
16 Government has filed. But Sir, just go  
17 ahead, please. I think we can just limit it to  
18 what the numbers are. Fair enough for everyone  
19 in the courtroom?

20 ATTORNEY TOMBACK: Your Honor,  
21 with some leeway, I think we can focus, okay?

22 THE COURT: Okay.

23 ATTORNEY TOMBACK: So Ms.  
24 Feldman, will you take the stand, please?

25 DIRECT EXAMINATION

1 By Attorney Tomback:

2 Q. Please state your name for the  
3 record?

4 A. It's Jordana Harris Feldman.

5 Q. Where do you live?

6 A. I live in --

7 ATTORNEY TOMBACK: Sorry. Sorry.  
8 I'm sorry. She should be sworn.

9 THE COURT: Yes, she should be.

10 ATTORNEY TOMBACK: She's  
11 trustworthy, Your Honor.

12 THE COURT: Well, yes.

13 (Laughter)

14 And you do have your pro hac  
15 admission? May I have it before I allow you,  
16 let me just at least say I saw that.

17 ATTORNEY TOMBACK: May I step  
18 forward or--

19 THE COURT: The marshal will take  
20 it for you.

21 ATTORNEY TOMBACK: Thank you, sir.

22 THE COURT: Let's take a  
23 ten-minute recess.

24 {Ten-minute recess}

25 {Court re-convened}

1                   Good afternoon. Before we  
2 proceed I need to take care of some matters.  
3 After I retired to chambers, it came to my  
4 attention, I think I have been free with the  
5 Counsel for the claimants to allow them to  
6 come forward and make presentations to the  
7 Court because this is an unusual situation  
8 here this morning. But before me I have a  
9 motion from the People, the Government to  
10 intervene as a claimant intervenor in the  
11 matter and I'm going to deny that - the Motion  
12 to Intervene. You're here as a claimant. And  
13 I'm assuming that you will file your formal  
14 creditors claim. You know you face that  
15 lien. You have the Criminal Activity Lien  
16 Notice.

17                   So that being said, also there's  
18 a Motion to Intervene filed by Attorney  
19 D'Amour. The Court recognize you are a  
20 claimant. You represent claimants for the  
21 estate. You may have a claim against the  
22 estate. I'm going to deny the Motion To  
23 Intervene also for those claimants represented  
24 by Attorney D'Amour. Is he still present in  
25 the court?

1 ATTORNEY D'AMOUR: Yes, Your Honor.

2 THE COURT: Yes, you are. You have  
3 filed claims against the estate. You just  
4 need to perfect those claims, provide the  
5 information, whether it's by judgment or  
6 should this voluntary program be established  
7 by the Court, but as the Court has not now  
8 allowed anyone to intervene, this matter will  
9 proceed just as if it was a regular probate  
10 proceeding. The estate Counsel is here. The  
11 Court is here. I'll allow you to present the  
12 testimony limited to what the Court believe it  
13 needs concerning this program. Sir?

14 UNIDENTIFIED SPEAKER: Sorry to  
15 interrupt but we also had a motion to proceed  
16 anonymously for claimants.

17 THE COURT: With that, let me say  
18 that proceed in the same name in which you  
19 were proceeding in the New York Courts or  
20 whatever courts you are filing this assault  
21 case. It just seems to me that would make it  
22 easier because then when you bring your  
23 judgment, should you have a judgment that  
24 comes in as a creditors claim, the Court would  
25 know what claim it goes with.

1           So, file your claim in the name,  
2 however you are proceeding in whatever Court  
3 you are proceeding in with the sexual assault.  
4 Fair enough, all Counsel? So the motion would  
5 be persons will then file however you are  
6 proceeding under, the claim would be filed in  
7 the same way. Attorney Smith.

8           ATTORNEY SMITH: I just have one  
9 procedural question, Your Honor. To the  
10 extent that you've denied the Government's  
11 Motion to Intervene, how would we file any  
12 response to-- cause we decided to file the  
13 Motion To Intervene in order to be able to  
14 file the opposition which has not been  
15 formally filed. It was just filed as an  
16 attachment.

17           THE COURT: You come in as  
18 claimant, right, so you would be presented  
19 before the Court .

20           ATTORNEY SMITH: Well, the motion  
21 to intervene was premised on the criminal  
22 activity lien and so once we were able to  
23 intervene we would then file an opposition as  
24 a movant of sorts. I'm just trying to figure  
25 it out procedurally.

1 THE COURT: Okay. I'm not  
2 leaving you intervene for probate purposes.  
3 Now, you have this civil --

4 ATTORNEY SMITH: Criminal.

5 THE COURT: And I don't know what  
6 happens over there. Once that case has been  
7 filed, then I guess you would file it and then  
8 show the Court why you have to be here making  
9 opposition to whatever we have. But right now  
10 I'm not allowing you to ask questions of the  
11 person on the stand. Do you understand that?

12 ATTORNEY SMITH: Okay.

13 THE COURT: Should you go farther  
14 there, right, you have a lien. If I  
15 understand it, there should be then some kind  
16 of action filed.

17 ATTORNEY SMITH: It has been  
18 filed.

19 THE COURT: It has been filed?  
20 Well, I don't have it. I know there was a  
21 lien.

22 ATTORNEY SMITH: It was attached  
23 to the motion.

24 THE COURT: Not what I have, I  
25 don't believe.

1                   ATTORNEY SMITH: It has five  
2 exhibits.

3                   THE COURT: Then once it's here  
4 and you hear that, if you believe this program  
5 would affect your claim, then you would have a  
6 right to file your opposition but I'm not  
7 going to allow you to be questioning the  
8 witness. Do you understand that?

9                   ATTORNEY SMITH: Okay.

10                  THE COURT: I'm not going to  
11 allow --or when you submit your claim, follow  
12 the claim procedures and the executors will  
13 review it, whether they approve it or reject,  
14 guess what? Then you move the Court to hold a  
15 hearing and then we go in full presentation.

16                  ATTORNEY SMITH: Okay.

17                  THE COURT: Fair enough. All  
18 right. Okay, Sir, and for the record,  
19 Attorney.

20                  ATTORNEY TOMBACK: Your Honor, I  
21 had assistance from your colleague here to the  
22 left.

23                  THE COURT: My able law clerk,  
24 Attorney Harrigan. Yes, we do have your  
25 application for pro hac vice admission that

1 was approved and signed by Justice Cabret  
2 January 30th at 2020. And we have your oath  
3 that was attested by the Clerk of the Court,  
4 Attorney Handy February 3rd at 2020. So you  
5 are properly before the Court. We will now  
6 swear the witness.

7                   Thereupon, JORDANA HARRIS  
8 FELDMAN, first having been duly sworn, was  
9 examined and testified as follows:

10                   DIRECT EXAMINATION

11 By Attorney Tomback:

12                   Q. Please state your name?

13                   A. Jordana Harris Feldman.

14                   Q. Where do you live?

15                   A. New York City.

16                   Q. Did you come down in St. Thomas  
17 specifically to testify in this proceeding?

18                   A. Yes.

19                   Q. And are you familiar with our  
20 filing indicating on January 9th in our brief  
21 that you would be here to answer questions  
22 that the Court may have?

23                   A. Yes.

24                   Q. And where were you most recently  
25 employed?

1           A. I worked at the September 11  
2 Victim Compensation Fund.

3           Q. And briefly describe that fund for  
4 the Court?

5           A. It's a federal program that was  
6 established in the aftermath of the September  
7 11th attack to compensate the families of  
8 those who died and people who were injured in  
9 the immediate aftermath of the attack.

10          Q. What was your position there?

11          A. I was Deputy Special Master and  
12 Director of the New York office.

13          Q. How long did you hold that  
14 position?

15          A. I held that position for three  
16 years but I worked through the Justice  
17 Department and with the program for over ten  
18 years in its various iterations beginning in  
19 2001 and then when it was re-opened in 2011.

20          Q. And did you leave the 911 fund  
21 generally your position there to embark on  
22 working on this program?

23          A. Yes.

24          Q. And just briefly describe your  
25 responsibilities with the 911 fund?

1           A. I ran our appeals process which  
2 afforded any claimant an opportunity to  
3 challenge eligibility and compensation  
4 determinations if they didn't believe that the  
5 decision appropriately accounted for their  
6 circumstances.

7                   I presided over or participated  
8 in hundreds of those hearings. They were  
9 intended both as an opportunity for the  
10 claimant to supplement the record and be heard  
11 and also for us to acknowledge the traumatic  
12 experience that each claimant had been through  
13 and the impact that it had on their lives.

14           Q. I'm going to shorten what I was  
15 going to cover with you but have you devoted  
16 the bulk of your professional career to mass  
17 work or mass claims programs?

18           A. I have.

19           Q. And you have developed a fair  
20 amount of expertise at it, right?

21           A. Yes. It's definitely a niche  
22 practice but this is the kind of claims  
23 compensation programs outside of traditional  
24 litigation similar to what we do with the  
25 September 11th fund determining eligibility,

1 determining compensation, figuring out a  
2 claims process, intended to be expeditious,  
3 voluntary. That is my experience with the 911  
4 program.

5 Q. And do you recognize this book  
6 that I'm holding up?

7 A. I do.

8 Q. It's Mass Claim Resolution  
9 Facilities. Who is the author?

10 A. I'm a co-author of that book.

11 Q. And basically what does the book  
12 cover?

13 A. It provides case studies of mass  
14 claims resolutions facilities outside of  
15 litigation, and offers some practical guidance  
16 in navigating the design, implementation and  
17 administration of those programs.

18 ATTORNEY TOMBACK: Your Honor, I  
19 would just like to offer now just to speed us  
20 up Ms. Feldman's biography. It's been  
21 distilled to one page.

22 ATTORNEY SMITH: Your Honor, is  
23 it possible even though I'm not allowed to ask  
24 questions that I can see the CD.

25 THE COURT: Do you an have extra

1 copy?

2                   ATTORNEY TOMBACK: Absolutely.  
3 I'm just putting it on the record, Your Honor.  
4 I'm not going to ask any questions. I want to  
5 move us forward.

6 By Attorney Tomback:

7                   Q. When were you first approached  
8 regarding a possible compensation program that  
9 related to Mr. Epstein?

10                  A. In late September 2019.

11                  Q. Who first contacted you?

12                  A. Dan Weiner.

13                  Q. And did you have conversations and  
14 meetings thereafter with the state  
15 representative?

16                  A. Yes. I had several meetings by  
17 phone and then in person with representatives  
18 of the estate.

19                  Q. And where did those conversations  
20 end up in terms of your career?

21                  A. They asked me to serve as a  
22 co-designer of the program and also to  
23 administer the program once it was up and  
24 running.

25                  Q. Do you know a gentleman named

1 Kenneth Feinberg?

2 A. I do. I know him well.

3 Q. How do you know him?

4 A. Mr. Feinberg was my professor in  
5 law school in a course about Individual  
6 Justice in Mass Torts Context. We worked very  
7 closely together in the first iteration of the  
8 September 11th Victims Compensation Fund. We  
9 sat on this Mass Claims Commission that  
10 resulted in the book that you just offered,  
11 and he's been a mentor to me through out my  
12 professional career.

13 Q. Before you took on this new  
14 responsibility related to Mr. Epstein, did you  
15 consult with Mr. Feinberg?

16 A. I did.

17 Q. And I was pointing backwards, is  
18 Mr. Feinberg in the courtroom here today?

19 A. Yes, sir, he is.

20 ATTORNEY TOMBACK: For the record  
21 he is the gentleman waiving to my right.

22 THE COURT: Good afternoon, Sir.

23 By Attorney Tomback:

24 Q. Did Mr. Feinberg have a role in  
25 the compensation program?

1           A. Yes. He was also selected to act  
2 as a co-designer of the program and helped to  
3 implement it.

4           Q. And was one of the first things  
5 that you did-- I'm sorry. There's a third  
6 person that you worked with. Who was that?

7           A. Camille Biros.

8           Q. And the three of you, was one of  
9 the first things the three of you put together  
10 called a mission statement?

11          A. Yes.

12                   ATTORNEY TOMBACK: If I may offer  
13 that, Your Honor. I don't know what the  
14 Court's intention is with numbering things.  
15 I would call this Number 2 and the Bar Number  
16 1.

17                   THE COURT: So this is 1; that  
18 would be 2.

19           By Attorney Tomback:

20           Q. Let me ask you a few things about  
21 the Epstein Victims Compensation Program.

22                   By the way, how did the program  
23 get that name?

24           A. Mr. Feinberg, Ms. Biros and I  
25 decided on the title. We thought it was

1 important to acknowledge upfront that these  
2 were Epstein victims, to acknowledge the  
3 wrongs that they suffered.

4 Q. And is it a voluntary reprogram?

5 A. It is a voluntary program.

6 Q. And explain what you mean by  
7 voluntary?

8 A. It just means that the victims  
9 have a choice. If they want to resolve their  
10 claims in an alternative way outside of the  
11 litigation, they can participate. No one is  
12 required to participate in the program.

13 The way that we have designed  
14 the proposed design of the program, which as  
15 you heard was supported by many of the  
16 victims, is that a claimant could come into  
17 the process, go through the entire process,  
18 get a compensation determination, and then  
19 only at that point would any sort of legal  
20 rights be affected or compromised. We wouldn't  
21 ask that they sign a waiver of release until  
22 they had an opportunity to make a more  
23 informed decision about whether the  
24 compensation that's being offered is  
25 attractive and appropriate for them.

1           Q. Is it a confidential program as  
2 well?

3           A. It's confidential to the extent  
4 that we, as the program administrators and my  
5 staff and contractors, would be protecting the  
6 privacy of the victims. We wouldn't be sharing  
7 any information with the estate or publicly.  
8 But the confidential requirement is  
9 unilateral. It's only imposed on us and  
10 there's no requirement whatsoever that  
11 claimants limit their-- what information they  
12 want to share with whomever they wish -- you  
13 know, investigators, the public. This is an  
14 alternative to civil litigation and so we have  
15 no intention to interfere with any sort of  
16 criminal proceeding .

17           Q. Are you familiar with the civil  
18 lawsuit that the Attorney General of the  
19 United States Virgin Islands filed in the  
20 other court?

21           A. Yes.

22           Q. And have you read the Complaint?

23           A. I have.

24           Q. And direct your attention--you  
25 probably don't remember this, but I'll tell

1 you --Paragraphs 87 to 88 described the  
2 program as quote, imposing confidentiality  
3 restrictions, close quote, on claimants. Is  
4 that accurate?

5 A. It's not for the reasons I just  
6 stated.

7 Q. Did you contact the Attorney  
8 General to correct that error and any other  
9 issues that came to your attention in  
10 reviewing the Complaint?

11 A. I did. I sent a letter to the  
12 Attorney General on January 16th, the day  
13 after the Complaint was filed, not only to  
14 correct that mischaracterization, but also  
15 just to give her some insight into the  
16 proposed design of the program. I had attached  
17 a draft of the protocol that we have developed  
18 - Mr. Feinberg, Ms. Biros and I - had  
19 developed and circulated to the Plaintiff's  
20 lawyers weeks before.

21 I explained to her in the letter  
22 the various meetings that we had had with  
23 Plaintiff's Counsel to get their input on the  
24 draft protocol and seek their recommendations.

25 I thought it was important to

1 shed light on what the proposed design was so  
2 that she understood that many of her  
3 assumptions about the program were incorrect  
4 and had been addressed in the draft protocol.

5 ATTORNEY TOMBACK: Your Honor,  
6 I'd like to have marked as Exhibit 3 that  
7 letter. It's dated January 16, 2020. It's  
8 written by Ms. Feldman to the Honorable Denise  
9 N. George, Attorney General.

10 THE COURT: Okay.

11 By Attorney Tomback:

12 Q. Is that the letter you wrote, Ms.  
13 Feldman, to Attorney General George?

14 A. I don't have a copy.

15 ATTORNEY SMITH: Your Honor, I'm  
16 not questioning the witness but I do believe  
17 that this goes beyond what the Court was  
18 anticipating.

19 THE COURT: I think Attorney  
20 Tomback is going to bring me to what I need to  
21 know about the monies. I haven't heard that,  
22 setting that up. That is really what I want  
23 to know.

24 I think we agreed that everybody  
25 believes this program is a great program but

1 what is going to be the costs of setting up  
2 this program?

3 ATTORNEY TOMBACK: Your Honor,  
4 the short answer is that the costs definitely  
5 justifies the program and we are going to get  
6 to the cost but I just want help on one item  
7 and you tell me if I should do it or not, but  
8 I think that while I have Ms. Feldman here  
9 --and quite frankly it's wonderful to come  
10 down here. It's beautiful, but Ms. Feldman  
11 is here and Mr. Feinberg is here. I'd like to  
12 close the gap for the Court and so the  
13 Attorney General understand the proposed  
14 program is not what the Attorney General wrote  
15 about. It just isn't remotely related to the  
16 process that is laid out in her papers.

17 Judge, there's no live person  
18 that the Attorney General represents. The  
19 Attorney General represents a claim of a  
20 client that is historical. I've just been  
21 admitted to be pro hac. I don't profess to be  
22 an expert of the law but I think it's clear to  
23 everyone in the courtroom that this program  
24 needs to go forward to save the estate, quite  
25 frankly, just to address the victims or the

1 claimants.

2 THE COURT: Okay.

3 ATTORNEY TOMBACK: So I just want  
4 to put the context there and close the gaps so  
5 the Attorney General can have some residual  
6 concern that the estate can address and move  
7 on and get going.

8 THE COURT: Okay. Continue.

9 By Attorney Tomback:

10 Q. Did the co-executors or Counsel,  
11 anyone affiliated with them, direct you to  
12 write this letter?

13 A. No.

14 Q. Whose idea was it to write the  
15 letter?

16 A. It was my idea.

17 Q. Okay. And the mission statement  
18 that I showed you before, Exhibit Number 2,  
19 did you describe the program as a, quote,  
20 non-adversarial alternative to litigation,  
21 close quote?

22 A. It does. I don't have a copy in  
23 front of me but I remember writing it.

24 Q. Why is non-adversarial important  
25 given your background and expertise?

1           A. In these kinds of programs, you  
2 have to remove any sort of adversarial posture  
3 or tone. I mean the victims are sharing very  
4 personal details of their lives about the  
5 abuse whatever happened in the aftermath and  
6 so they need to be able to feel comfortable  
7 that they can share that information without  
8 fear of being cross examined or interrogated  
9 or that that will be used against them at some  
10 later point.

11           Q. In your mission statement it also  
12 says that the program, quote, aim to timely  
13 resolve, close quote, claims. Why is  
14 timeliness important?

15           A. It's important because it's  
16 important to the victims. I mean the victims  
17 are the ones who want this program to move  
18 forward. They want an option that will  
19 expeditiously resolve their claims. We have  
20 made a goal to resolve claims within sixty to  
21 ninety days of a complete submission. We  
22 wanted to make a meaningful alternative to  
23 litigation for the victims and as you heard  
24 today, the victims are in support of allowing  
25 this program to move forward.

1           **Q.** The Mission statement also says  
2 quote, the program offers a, quote, a process  
3 that is sensitive to the experiences and  
4 concerns of the claimants and treat them with  
5 compassion, dignity and respect.

6                         Why is that important and how do  
7 you know that the program is actually going to  
8 do that?

9           **A.** I know it because I have done it  
10 before. I mean Mr. Feinberg has done it  
11 before. You know, these programs are, we  
12 find the victims are looking for validation as  
13 much as they are for compensation. They want  
14 someone to acknowledge what they have been  
15 through and to be treated in a compassionate  
16 and dignified way in the process. That is  
17 exactly what I have done in the 911 fund.

18           **Q.** And the Mission statement also  
19 goes on to say that the program will be run  
20 by, quote, independent, close quote, claims  
21 administration experts. What do you mean by  
22 independent and why is that important?

23           **A.** Well, that's key. I mean  
24 particularly in this unusual context but we  
25 are, Mr. Feinberg, Ms. Biros and I, we are

1 not agents of the estate. We're not here to do  
2 their bidding. We make decisions on the design  
3 and I will make designs on the administration  
4 of the program, how it operates, and how  
5 claims are determined based on our own  
6 judgment and experience and the estate has  
7 agreed to be removed from any part of that  
8 process.

9 Q. And so just to focus in on an  
10 individual claimant's claim and the amount of  
11 compensation that the program, and you as the  
12 administrator, arrive at, the statement  
13 provides that quote, the estate will have no  
14 authority to reject or modify the  
15 administrator's determination on any basis or  
16 as to any claims, close quote. Why is that  
17 important to the program and the claimants?

18 A. It's important because to allow  
19 the estate a say in these decisions  
20 compromises the key-guiding principle of the  
21 program. It compromises our independence; it  
22 compromises our claims and confidentiality; it  
23 compromises the non-adversarial nature of the  
24 program.

25 Q. And with respect to the program it

1 says participation in it does not affect any  
2 rights the claimant might have unless and  
3 until the claimant accepts the compensation,  
4 determination, and signs a release. Why is it  
5 set up that way?

6           A. It is set up again as a choice  
7 where the legal rights are not affected until  
8 the very end of the process, until claimants  
9 are able to go through and evaluate her  
10 options, see if it's something that she's  
11 willing to accept or not, with the freedom to  
12 withdraw the claim at any point in the process  
13 if she's not satisfied.

14           And I would add that one of the  
15 things that Mr. Feinberg and I thought was  
16 important to include in this program was that  
17 that also includes not requiring as a  
18 condition of participation in the program any  
19 victim to stay pending litigation in order to  
20 participate. Claimants can go on a parallel  
21 track through our claims process and through  
22 litigation if they want to seek discovery and  
23 only at the very end of the process would they  
24 have to make a decision of which way to go.

25           Q. Taking that out of order as far as

1 you know have any claimants stayed voluntarily  
2 their actions?

3 A. Yes, it is my understanding that  
4 five Plaintiff's have stayed litigation with  
5 the expectation that this program would be up  
6 and running in short order because they  
7 apparently, I understand that they believed  
8 that this was a bona fide alternative.

9 Q. The sooner the program is up and  
10 running, I take it the more likely it is to  
11 have people stay their litigation, is that a  
12 fair assumption?

13 A. That's beyond the scope of what I  
14 can say.

15 Q. Now, the statement also says there  
16 in the statement, Exhibit 2, quote, All  
17 claimants will be afforded a confidential  
18 opportunity to meet face-to-face with the  
19 Administrator, if they so desire. Why is  
20 that important?

21 A. Again, in my experience, the  
22 victim wants an opportunity to be heard to  
23 tell their story in a way that is rarely  
24 captured in a paper file and so it's something  
25 we wanted to offer the victims if they wish to

1 avail themselves of it. There's no requirement  
2 that any victim come in to meet with us. If  
3 they do want to meet, we'll make it available  
4 in different ways but that piece is important  
5 because of the opportunity to be heard and  
6 tell their stories.

7 Q. Are you familiar with the Attorney  
8 General Counsel complaint and other papers  
9 that have expressed a concern that the  
10 opportunity to meet face to face with you  
11 doesn't adequately take into account some of  
12 the persons here in the Virgin Islands? You  
13 need to come to me. What would you do to  
14 accommodate that?

15 A. We would accommodate. It's  
16 already written into the draft protocol but we  
17 would accommodate any questions. You know, we  
18 can do it by teleconference, video conference.  
19 We would be willing, as we have said to some  
20 of the Plaintiff's lawyers who have clients in  
21 Florida, to go to areas where there are a  
22 number of claimant's where we could hold those  
23 meetings face to face.

24 Q. And the mission statement refers  
25 to a claims protocol that includes, quote

1 eligibility criteria, the methodology for  
2 determining compensation, proof requirements  
3 and claims procedures, close quote.

4 Can you briefly address program  
5 protocol?

6 A. Yes. It just, it lays out the  
7 terms and conditions or the proposed terms and  
8 conditions of how the program would operate.  
9 It gives some visibility of the criteria that  
10 we'll apply when evaluating claims for  
11 eligibility and compensation and outlines the  
12 way that we'll process the claims and the  
13 expectations in terms of timing.

14 Q. And how is the protocol developed?

15 A. So Mr. Feinberg, Ms. Biros and I  
16 drafted the protocol in November and December  
17 of 2009. One of our main objectives was to  
18 make it as broad and as claimant friendly as  
19 possible and with that in mind, we removed a  
20 lot of the barriers that would apply or could  
21 apply in litigation. The Statute of  
22 Limitations is not an issue that we'll keep in  
23 allowing people to participate; prior  
24 settlement would not preclude someone from  
25 participating in the program; and so we

1 developed a protocol with that in mind.

2 We want any victim who suffered  
3 abuse to be able to come in and participate in  
4 the program and once we had an initial draft,  
5 we circulated it to the estate, to the  
6 Plaintiff's lawyers, to the USVI Attorneys  
7 Office, in the Southern District of New York  
8 to get their feedback on the protocol.

9 Q. And just to be clear, I might not  
10 have heard you but I take it numerous  
11 Plaintiff's met with you and proceeded with  
12 you or Plaintiff's Counsel, some of whom are  
13 here?

14 A. Yes, we met with nearly all of the  
15 lawyers we know about who represented  
16 Plaintiffs.

17 Q. And if the Attorney General or her  
18 representative wanted to meet with you or just  
19 talk to you on the phone or have a series of  
20 meetings to express concerns, will you listen  
21 to her?

22 A. Absolutely. In fact, in my letter  
23 I invited an opportunity to meet with her and  
24 discuss more about the program and seek her  
25 input.

1 Q. Have you heard from her yet?

2 A. I have not heard back.

3 ATTORNEY TOMBACK: I would just  
4 like to offer up the protocol still in draft  
5 form. It's not finalized but the protocol,  
6 as it exists that have been provided to us for  
7 this purpose by Ms. Feldman, shows a track  
8 change based on meetings with Plaintiff's  
9 Counsel. I don't want to review that. I  
10 want to get this done before you lose  
11 patience.

12 THE COURT: Yes. I want to hear  
13 about the money.

14 ATTORNEY SMITH: Your Honor, just  
15 for the record I'm not going to ask a  
16 question. Just that the revision of the  
17 protocol is not what was before the Attorney  
18 General in the letter that was sent to her.

19 THE WITNESS: As Mr. Tomback  
20 just said, the protocol that he just offered  
21 has a red line copy. Only the red lines are  
22 new; anything additional to that, we  
23 circulated to the Attorney General.

24 ATTORNEY TOMBACK: Your Honor, I  
25 have one more topic to cover, which is to

1 provide briefly an overview of the actual  
2 claims process. So if we can mark this as  
3 Exhibit 5.

4 I just want to provide some  
5 context because the program is not -- you need  
6 to understand the program, I think, to  
7 evaluate the costs.

8 By Attorney Tomback:

9 Q. So taking a look at Exhibit 5, is  
10 that in front of you?

11 A. Not yet.

12 Q. Let me wait. I'm reminded by my  
13 colleagues for the record of Exhibit 5 which  
14 I'm going to offer and when the witness  
15 identifies it, then I will put it into  
16 evidence. It's entitled the overview of the  
17 claims process.

18 So directing your attention to  
19 the third paragraph, it says, quote, Claimants  
20 who voluntarily elect to file a claim with  
21 the program will be invited to participate  
22 --excuse me --invited to provide documentation  
23 identified in the claim form developed by the  
24 claims administration experts and any  
25 additional corroborating or supporting

1 information to substantiate their claims.

2 Can you offer to the Court how  
3 that works in practice?

4 A. So we all developed a claim form  
5 that will look to capture just some basic  
6 information about the claimant, about the  
7 circumstances of her abuse, the type of abuse,  
8 the location, when it happened, how long it  
9 happened, and invite her to submit any sort of  
10 documentation she might have to help  
11 corroborate the claim.

12 Q. And if there is a deficiency in  
13 the claim, will the claimant and other Counsel  
14 have an opportunity to correct that or address  
15 it?

16 A. Yes. The program, as we have done  
17 in other programs we have administered before,  
18 is intended to be claimant-friendly. So if  
19 someone files a deficient claim, we'll do a  
20 preliminary review, identify what the  
21 deficiency is, do out-reach to the claimant or  
22 her representative, and work them to try to  
23 address the deficiency.

24 ATTORNEY TOMBACK: Your Honor,  
25 much of the Mission Statement speaks for

1 itself. If you don't mind I will quote two  
2 more paragraphs then move on.

3 By Attorney Tomback:

4 Q. If you look, Ms. Feldman, at the  
5 fourth full Paragraph, Line 5, where the word  
6 once appears on the right, can you just read  
7 that into the record and comment on that for  
8 us?

9 A. "Once a completed claim has been  
10 submitted, the Administrator will evaluate the  
11 claim based on all available information and  
12 will issue a determination regarding whether  
13 the claimant is eligible to receive  
14 compensation and the amount of compensation to  
15 be paid to an eligible claimant."

16 The individual claim  
17 determination will be based on that factor in  
18 the considerations identified in the protocol.  
19 It speaks for itself.

20 Q. I don't have any questions. I  
21 just wanted to cover that. I want to get to  
22 sort of an end game of how the process works.  
23 In your overview statement there's an ultimate  
24 paragraph and I will read that into the  
25 record, "*Upon the issuance of a compensation*

1 *determination by the Administrator", that's*  
2 *you, "the claimant will have complete freedom*  
3 *to accept or reject that determination. If*  
4 *the claimant elects to accept the*  
5 *determination, the claimant will sign a*  
6 *release waiving the claimant's rights to*  
7 *litigate in the courts, as set forth in the*  
8 *protocol. Upon the Administrator's receipt of*  
9 *the claimant's acceptance of the compensation*  
10 *determination and executed release, the*  
11 *Administrator will authorize payment to the*  
12 *claimant".*

13           Do you have anything to add to  
14 that?

15           **A.** Only that the idea of this type of  
16 program, as with the other programs that Mr.  
17 Feinberg and I have administered, is to get  
18 these victims paid quickly. So our  
19 expectation is that once we issue a  
20 determination, if the claimant accepts it, and  
21 sends in the release, we will immediately  
22 notify the estate and our expectation is that  
23 they will disburse the funds very shortly  
24 thereafter.

25           **Q.** And are you familiar with the

1 Attorney General lawsuit? This is, again,  
2 that Complaint of Paragraph 88 where they say  
3 the program, quote, requires any claimant  
4 accepting an award under the program is  
5 sacrificing any other claims against any  
6 persons or entity arising from or related to  
7 Mr. Epstein. Closed quote. Do you view that  
8 criticism as sensible?

9           A. Well, like I said before, this  
10 program is not intended to interfere with any  
11 sort of criminal investigation and the scope  
12 of the release has not yet been determined.  
13 Ultimately, I mean, that is something that the  
14 estate is, I understand, is working on and  
15 ultimately if a claimant believes that their  
16 rights are unfairly compromised, she has the  
17 freedom not to sign the release.

18           Q. Right. And if a claimant signs a  
19 release and, for example, the United States  
20 Virgin Islands Attorney General wants that  
21 claimant to serve as a witness in a criminal  
22 investigation, hypothetically, the person can  
23 still receive compensation, sign a full  
24 release in terms of civil claims of the  
25 estate--if it is not scheduled another time --

1 and the Attorney General could still sit with  
2 that person and perhaps use her as a witness  
3 or to help the Attorney General's  
4 investigation; is that fair?

5 A. Absolutely, like I said before  
6 nothing limits the claimant from speaking with  
7 investigators about the circumstances.

8 Q. Just in terms of the civil release  
9 itself, those are common in your experience?  
10 In other words, that you settle sort of total  
11 settlement?

12 A. Absolutely and actually, this is  
13 different from the 911 context where the  
14 waiver attaches at the very beginning of the  
15 process upon submission of the claim.

16 Here, we thought it would be  
17 beneficial to the claimant to wait until the  
18 end of the process so that they have a more  
19 informed understanding about what they would  
20 receive.

21 Q. I'm just going to go through this  
22 fast. You set up a website, right?

23 A. Yes. We started to develop a  
24 website. We will set up a website.

25 Q. And you set up a commencement

1 date, a start date, a let's-go date?

2 A. We have not. We are tying it to  
3 approval by the Court to allow the program to  
4 move forward but we will be once it's approved  
5 by the Court, we can be up and running within  
6 ninety days and I expect, because of the  
7 considerable amount of work that we have done  
8 up until then, we would be able to do that  
9 even more quickly.

10 Q. Last point before turning to the  
11 anticipated cost of the program, there's a  
12 deadline for the submission of claims. Why do  
13 you have to have a deadline?

14 A. Because deadlines motivate people  
15 to act. It provides certainty. We found in  
16 our experience that people often wait till the  
17 very end of the process to file their claims,  
18 the last day, because life gets in the way and  
19 it's not a priority until it becomes a  
20 priority.

21 So we proposed in the draft  
22 protocol making a 90-day filing window, and we  
23 didn't hear any feedback from anyone that that  
24 was an inappropriately short period of time so  
25 that's our expectation.

1                   ATTORNEY TOMBACK: So, Your  
2 Honor, the budget for the program, can I have  
3 this marked as Exhibit Number 6 and then, I  
4 think, it would be best to mark Number 7.  
5 Number 7, if it's admitted into evidence, is  
6 the engagement letter that Ms. Feldman signed  
7 with one of the counsels for the estate.

8 By Attorney Tomback:

9                   Q. So I'm told that the actual  
10 signatories for the engagement letter is not  
11 counsel but all co-executors?

12                  A. It was like not me. Right.

13                  Q. Precisely. All right. So is it  
14 correct that the design and the implementation  
15 on the operation of the program such as this  
16 requires significant personnel and costs?

17                  A. It requires a specialized  
18 expertise in a unique area and it requires  
19 building out the infrastructure to support the  
20 operation.

21                  Q. And is there a budget prepared by  
22 you, Mr. Feinberg and Ms. Biros?

23                  A. Yes.

24                  Q. And at the beginning when the  
25 budget was put together, had you redacted the

1 fees for Mr. Epstein --excuse me --for Mr.  
2 Feinberg and for you upfront?

3 A. We did.

4 Q. And why was there concern about  
5 not having that being the very first thing  
6 that people focused on?

7 A. We just felt like it was a  
8 distraction at the very beginning.

9 Q. The copy that you presented to the  
10 Court, which is Exhibit 6, is un-redacted, and  
11 so let me just have one more minute.

12 So Ms. Feldman, turning here to  
13 Page 3 of Exhibit 6, the estimated budget, I  
14 think it's probably just easier if you walked  
15 us through --without quoting necessarily --but  
16 walk through the large pieces of these  
17 expenses for the program and then I will ask  
18 you some questions about them.

19 A. You said Page 3?

20 Q. Yes, but let me start by --this  
21 isn't something we really prepared but -- how  
22 many people have the sort of expertise that  
23 you do and Mr. Feinberg does to conduct a  
24 program like this?

25 A. I don't know of many people. Mr.

1    Feinberg is obviously the leading person in  
2    this area.    It's a pretty small group of  
3    people who do this kind of work.

4            **Q.**    So I'm not great with analogies,  
5    but if I were to compare Mr. Feinberg to a  
6    car, right, would he be a good car--Let's not  
7    talk about the --is he the best in the area in  
8    your view?

9            **A.**    In my view he is the best.

10           **Q.**    And in consideration of how to set  
11    up the fund in terms of the program, in terms  
12    of design and in terms of administration,  
13    without giving anything away that is  
14    privileged, the group that came together to  
15    figure out how to try to do this -- first of  
16    all, are you familiar with the fact that the  
17    group of executors, co-executors and their  
18    Counsel looked at other candidates other than  
19    you?

20           **A.**    I understand that you met with  
21    several other people.

22           **Q.**    And in talking through exactly how  
23    to structure the relationship between the--  
24    well, relationship between you and Mr.  
25    Feinberg, are you familiar with some thoughts

1 or what you thought about why you should be  
2 the administrator rather than Mr. Feinberg  
3 being the administrator and who should focus  
4 on design?

5 A. It was my--I mean, you probably  
6 could speak to this selection process better  
7 than I can, but it is my understanding that  
8 you were looking for someone who both had  
9 experience and had sensitivity to the victims'  
10 experiences and I believe you were looking for  
11 a female to run the program.

12 Q. And so can you just walk through  
13 them with the budget? Starting with the first  
14 part of the budget, what are the payments to  
15 Mr. Feinberg? I guess that's the start.

16 A. Well, he was retained to design  
17 the program based on his very extensive  
18 experience so the fees are related to the  
19 drafting of the protocol, the meetings that we  
20 had with the Plaintiffs' lawyers, all of the  
21 work that goes into bringing his years and  
22 years of experience to bear, and in designing  
23 and then the implementation of the program.

24 Q. And then turning to the second  
25 part in terms of your fees -- first of all,

1 just to divert and try to pick up on that  
2 area, you are currently, you are working sort  
3 of in the hope that the program will be  
4 approved, right?

5 A. Yes.

6 Q. I mean, you are just between jobs,  
7 effectively working on this?

8 A. Yes. I have left my job with the  
9 911 fund to do this program because I truly  
10 believe it was in the best interest of the  
11 victims.

12 So since November, we have been  
13 working full steam ahead to get this process  
14 up and running because we believe it's the  
15 right thing to do, but I have not been  
16 compensated and more importantly, I haven't  
17 been able to compensate other people who have  
18 been willing to dive in and start doing work  
19 to ensure the timely implementation of the  
20 program.

21 Q. And the budget specifically says--  
22 going back to Mr. Feinberg--so this is on the  
23 record, it says after listing a number of  
24 services that will be offered that Mr.  
25 Feinberg's law offices will receive \$850,000

1 per month and it says for a maximum period of  
2 two months. It says, "thereafter, all ongoing  
3 consulting services provided by Mr. Feinberg  
4 and Ms. Biros will be deemed to be included in  
5 the above-referenced fee."

6 Do you understand Mr. Feinberg to  
7 have made a commitment after the two months  
8 are over to provide services for free?

9 A. Yes.

10 Q. And in your experiences will he  
11 stick with the program or will he disappear?

12 A. He always stick with the program.  
13 He is very reliable, very reliable.

14 ATTORNEY TOMBACK: Your Honor,  
15 the budget, those are the main pieces. We  
16 can walk through --

17 THE COURT: Tell me the bottom  
18 line.

19 ATTORNEY TOMBACK: The bottom  
20 line of the budget?

21 THE COURT: The budget has a  
22 bottom line. Are you going to rent office  
23 spaces?

24 ATTORNEY TOMBACK: We can walk  
25 through that, Your Honor.

1 THE COURT: Just tell me what the  
2 office space is. You know, and this question  
3 about Mr. Feinberg, this \$850,000 a month for  
4 two months; is that to him or his law firm?

5 THE WITNESS: The law firm.

6 ATTORNEY TOMBACK: The law Office  
7 and just to be clear, so he'll bring to bear  
8 the whole thing --

9 THE COURT: I just want to know  
10 if it's to the law firm?

11 ATTORNEY TOMBACK: Yes, and Ms.  
12 Biros alluding--

13 THE COURT: Let's just get it for  
14 the persons here, right? Remember, you have  
15 been kind enough to give Government Counsel  
16 copies of the budget and other documents, but  
17 remember there are other counsels for  
18 claimants' present who that was their concern  
19 concerning their claims and they have not been  
20 given that information and will have to wait  
21 until the session adjourns to go to the  
22 clerk's office to get copies. So I just want  
23 you to give us where the large expenses would  
24 be.

25 By Attorney Tomback:

1           So, Ms. Feldman, the payments used  
2 for the duration for programs, right, which  
3 were how many months is the estimate, assuming  
4 the timeline?

5           A. The estimated budget assumed 12 to  
6 14 months to design, implement, administer  
7 from start to finish. I think that the  
8 estimation was made with the expectation in  
9 November that it would be approved in short  
10 order and that we would be able to execute the  
11 contract with vendors and contractors which we  
12 have not been able to do because I don't have  
13 the authority to do it.

14           So we have done all of the work up  
15 until that point but have not yet been able to  
16 execute and some people have had to decline to  
17 participate because of the passage of time.  
18 We still anticipated it being a relatively  
19 short time frame. I don't know if it will be  
20 within the 12 to 14 month period. That number  
21 also assumes, you know, depending on the  
22 number of claimants, and that is not just  
23 legitimate claimants. We will be accepting  
24 claims from some claimants who were determined  
25 not to be eligible and those are claims that

1 have to go through the process just like any  
2 other claims in order to get to that  
3 determination.

4 Q. And so with respect to your  
5 personal fees, is the fee \$150,000 a month for  
6 the estimated 12 to 14, and if necessary  
7 additional, months?

8 A. I'm sorry.

9 Q. Just to understand, if you look at  
10 B {i} for Design and implementation for the  
11 entire program, what is the fee that will be  
12 paid to you, Ms. Feldman?

13 A. After the 14 months?

14 Q. No. In total for during the  
15 14-month period?

16 A. It would be that, times 14.

17 Q. Right? And then with respect to--  
18 I mean, just walking through this so it's in  
19 the record even though the documents are  
20 there, in terms of the fees and expenses that  
21 will be required to be paid and operation of  
22 the claims process, you have the backroom  
23 costs, some sort of website, the distribution  
24 of program documents, developing of procedures  
25 to track the claims, to investigate the claims

1 and to supervise a toll-free calling center,  
2 do you estimate the projected costs for that  
3 for the entire program to be in the range of  
4 \$150,000 to \$250,000?

5 A. Yes, that is what we estimated in  
6 November.

7 Q. The Attorney General said a month  
8 but is that not for the whole program?

9 A. Right. Most of those are cost  
10 that would be up front in terms of the  
11 development of the website. We want to  
12 develop functionality to allow someone to  
13 submit a claim electronically, but that is for  
14 the duration of the program.

15 Q. And then in terms of staffing,  
16 depending upon the number of claimants who  
17 come forward, there's provision in the budget  
18 for up to - not necessarily three, but up to -  
19 three attorneys to support your program and  
20 then administrative support, data analytical  
21 support, information technology support,  
22 etcetera.

23 So those staffing services monthly  
24 costs are estimated to be in the range of  
25 \$160,000 but that can change if you were to

1 become --that would be addressed for more  
2 people, correct?

3 A. Yes. These estimates are based on  
4 whatever information we had available at the  
5 time that we drafted this in November.

6 ATTORNEY TOMBACK: Your Honor,  
7 there's one other topic that I would like to--  
8 I have to do one other thing is what I'm told.  
9 By Attorney Tomback:

10 Q. This final item is in the  
11 estimated budget on Page 5 that you need to  
12 have office spaces and equipment. You can't  
13 use your old spaces, right? And there are  
14 other employee costs in the range of 15 to  
15 20,000; is that correct?

16 A. That's right.

17 Q. That is additional cost, okay.

18 The last topic I want to cover,  
19 Your Honor, is timing. So we touched on timing  
20 but can you just express in a nutshell how  
21 important it is for the program to get going?

22 A. It's extremely important.

23 Q. Why?

24 A. Because the victims want it to  
25 move forward. I mean, to hear many of their

1 representatives come up and say it actually  
2 impacted me even more than just-- this was  
3 particularly impressive upon me because these  
4 victims have been at the precipice of  
5 opportunity to get some measure of justice in  
6 many different points and it's been pulled out  
7 from under them or delayed in some way.

8           And we are now at a point where  
9 we invested a considerable amount of time to  
10 put together a draft of what the program would  
11 look like to seek the input of the plaintiffs'  
12 lawyers. We have their support and the  
13 victims are now, from my understanding in  
14 speaking with many of the Plaintiffs' lawyers,  
15 they have had conversations with their clients  
16 and their clients are really eager to have  
17 this process move forward.

18           And their expectations have been  
19 raised in terms of it being implemented in  
20 short order and so to delay this further would  
21 really be a great dis-service to these  
22 victims.

23           Q. Just so I sort of break them  
24 into--I call them claimants; you call them  
25 victims but it's the same thing--just put them

1 in two categories, okay? One category are  
2 Plaintiffs who've already brought suit through  
3 their counsels - the bulk of them in New York.  
4 If the program doesn't go forward, then they  
5 would be stuck litigating, right? I mean,  
6 they're going to have to litigate. Is that a  
7 fair assessment of what's going to happen to  
8 them?

9 A. That's my understanding.

10 Q. Okay. I want to address this  
11 separately. I mean, I think that the Court  
12 understands that, so I don't want to belabor  
13 it but I just want to address a separate  
14 group, which is, if a person whose claim that  
15 she's been harmed by Mr. Epstein but for  
16 whatever reason does not want to go to court,  
17 wants the confidentiality, wants to sit with  
18 you and not sit in a courtroom and testify and  
19 so forth and so on, if the program doesn't go  
20 forward, what happens, in your view, to that  
21 person?

22 A. She's left without recourse.

23 ATTORNEY TOMBACK: One moment, Your  
24 Honor. I think I'm done here. So I just have  
25 one more question of Ms. Feldman and I wanted

1 to call Mr. Feinberg solely to address the  
2 prior concern that the Attorney General has.

3 And Your Honor, I don't want to --

4 THE COURT: But you know what?  
5 It's not about the Attorney General's concern.  
6 My concern is you are coming here to ask this  
7 Court to fund this program. My concern is  
8 what types of monies are you talking of? That  
9 is what you need to address - not the Attorney  
10 General, right?

11 How much money are you talking  
12 about that I would have to say, allow the  
13 executor's, co-executors to move from the  
14 estate to this program?

15 Ms. Feldman, would you be able  
16 to say, based on your experience, what would  
17 be the range of settlement in these types of  
18 matters?

19 THE WITNESS: Well, it's--let me  
20 just preface it by saying, you know, we have  
21 gotten representation from the estate that  
22 there will be no cap on either a given amount  
23 on the individual claims, and I believe Mr.  
24 Foster made this point, it is impossible to  
25 value these claims in the abstract, right.

1 There are different circumstances in each case  
2 so it's hard to say.

3 You know, I think that we are  
4 talking about, you know, claims that would  
5 range from the thousands of dollars up into  
6 the millions of dollars.

7 THE COURT: Would this be where  
8 you could -- and I think you may have  
9 testified to this -- you could enter an  
10 agreement with these claimants/ victims as to  
11 the settlement amounts, they sign the release  
12 and they understand they may have to wait for  
13 their payment because I think you said that  
14 the whole idea is to have them fully  
15 compensated within a short period of time.

16 THE WITNESS: But the goal would  
17 BE that once they sign the release and we are  
18 able to notify the estate that the estate  
19 would be able to disburse that money almost  
20 immediately. I understand from the Catholic  
21 Church Sex abuse cases, it's turned around in  
22 a week or two. In the September 11th program,  
23 they were also able to turn it around in a few  
24 weeks time so that would be the goal.

25 THE COURT: That would be the

1 goal but you understand in this matter, the  
2 Government of the Virgin Islands has filed an  
3 action that may impede that?

4 THE WITNESS: I would say that  
5 to the extent that the Government's interest  
6 is at least in part to protect the victims'  
7 interest, that interest is not being served by  
8 them trying to step in and take priority over  
9 the victims.

10 THE COURT: Well, I don't know.  
11 The People will have to speak to where their  
12 interest lies, but I know what the People have  
13 filed to put a lien on all the properties of  
14 the estate.

15 ATTORNEY TOMBACK: I asked  
16 counsel whether there are any claimants, any  
17 individual people that they represent.

18 THE COURT: Well, the Government  
19 never represent individual people. The  
20 Government represents the People of the Virgin  
21 Islands.

22 ATTORNEY TOMBACK: Right, but  
23 just to be clear, there is no claimant that  
24 would receive those monies. There are  
25 criticisms about the program in terms of how

1 it will treat claimants, but they have no  
2 claimants.

3 THE COURT: If I understand what  
4 the People of the Virgin Islands is saying is  
5 they are concerned that this program could  
6 wipe out whatever they believe they should be  
7 entitled to under the action they have filed.  
8 That's what I am trying to get, what is the  
9 bottom line? How much money are you talking  
10 about? Is there anyway to segregate and say  
11 whatever the People are coming against and  
12 they have listed what they are seeking, what  
13 property they put a lien on. They haven't put  
14 a lien on-- well, they put a lien on the  
15 entire estate which all these shares are  
16 sitting in the estate--that is what I am  
17 trying to get, and I think it maybe you have  
18 to talk to the People.

19 ATTORNEY TOMBACK: The only thing  
20 I believe I can help in one respect is that  
21 the co-executors and their Counsel believe--  
22 first of all, there's a net savings of  
23 litigation costs to the estate to proceeding  
24 in this way.

25 THE COURT: Sir, you are

1 missing --I understand that. I totally get it  
2 - that it will be for everybody involved less  
3 costly to enter into the settlement program  
4 than to litigate. I get that in terms of  
5 money; in terms of time.

6 But I'm also backed up where I  
7 have what the People of the Virgin Islands,  
8 The Government of the Virgin Islands has filed  
9 this Criminal Activity Lien Notice which tells  
10 me that everything that they have taken this  
11 lien, nothing can be disbursed. That is where  
12 we are. What can I do at this point with this  
13 notice that has been given to the Court?

14 ATTORNEY TOMBACK: Two ways, Your  
15 Honor, that I think that we can try to address  
16 that. One way is to point out that the  
17 concerns expressed about the program are not  
18 accurate. I think Ms. Feldman has --

19 THE COURT: Sir --

20 ATTORNEY TOMBACK: And the second  
21 way --

22 THE COURT: No. Listen. I  
23 disagree. I don't think whatever concerns  
24 they had about the program, that's not before  
25 me. I understand that The Government of the

1 Virgin Islands is saying I'm going in to take  
2 a stake in this forfeiture action to take  
3 control. It's not about the program. They are  
4 saying don't pay out anything on the program  
5 because you could not distribute anything from  
6 this estate because I have filed this lien and  
7 this lien says any trustee, executor, person  
8 or institution who moves, transfer or conveys  
9 title to personal or real property upon which  
10 a Criminal Activity Lien Notice has been filed  
11 which the personal or real property is located  
12 or who transfers or conveys such property  
13 while having actual notice of this lien shall  
14 be liable to the Attorney General. That is  
15 the concern. That is what they are seeking  
16 here or they come in.

17 And I told Attorney Smith she  
18 couldn't ask any questions, but that is what I  
19 understood; that by this program you said you  
20 could enter into settlement you said ten  
21 thousand to tens of thousands of dollars to  
22 persons and then their concern is and then we  
23 get our forfeiture judgment and there's  
24 nothing there. Do you understand? That is  
25 what I understand the Government is moving.

1           ATTORNEY TOMBACK: Could I have  
2 one question and then I will propose a way of  
3 going forth which is we could like let the  
4 program at least develop. So the Order that  
5 is before Your Honor-- maybe that is the best  
6 thing to do at this point -- the Order before  
7 Your Honor is just to allow Ms. Feldman to be  
8 engaged and Mr. Feinberg to really be engaged  
9 to continue their work and to get a protocol  
10 to bring to Your Honor to approve, but it  
11 seems, I mean, I think I'm reading between the  
12 lines that it seems that Your Honor is  
13 speaking about maybe a cap on the amount that  
14 you don't like the--maybe put a cap on the  
15 amount. You don't like the infinite nature--  
16 I guess the way you are describing it.

17           THE COURT: Well, is there a  
18 set of money that could be moved to fund this  
19 program because, okay, you bring the protocol  
20 to be approved, right? I approved the  
21 protocol. You start working. You say 12 to 14  
22 months from the time of the release this  
23 person is to be paid, but then I have on the  
24 other side what the People are dealing with in  
25 the civil court.

1           And how I read the Statute, that  
2     lien can be in place for a period of six  
3     years. So now you've set up a program.  
4     Persons, the victims come in, sign, release,  
5     believe everything is in place. I think that  
6     is where I am at.

7           ATTORNEY TOMBACK: The problem with  
8     that, Your Honor, is that-- I mean, I can let  
9     the Plaintiff's Counsel address that-- that  
10    will chill the program.

11          THE COURT: I understand.

12          ATTORNEY TOMBACK: Let me just ask  
13    a question so I understand so we can clarify  
14    the point on this, okay? If the Attorney  
15    General recovers, let's say one million  
16    dollars from the estate, is that one million  
17    dollars going to go to the budget of the  
18    Virgin Islands or is it going to go to the  
19    victims? If it's going to go to the victims,  
20    I don't know why we can't bridge the gap and  
21    get the Attorney General to be satisfied with  
22    this program.

23          THE COURT: You know what I said  
24    and it comes down maybe to the estate needs to  
25    meet with the Attorney General.

1           ATTORNEY TOMBACK: We're prepared  
2 to do that.

3           THE COURT: I think I have said  
4 that a couple of times. The estate may need to  
5 meet with the Attorney General, with the  
6 victims, the claimants, Counsel here is saying  
7 we are fully in support of this because the  
8 only person we believe will be hurt by not  
9 approving this program are the victims because  
10 the victims either would have to go into  
11 courts, right, expend monies for attorneys on  
12 both sides when there's a program that is  
13 going to be fully developed. They are saying  
14 we can deal with these victims, fully resolve  
15 the issues and have them compensated in 12 to  
16 14 months.

17           Madam Attorney General, what  
18 would you be willing to do on this point?  
19 Release a portion of the estate just to fund  
20 this program while you proceed with your  
21 action?

22           ATTORNEY TOMBACK: We can  
23 absolutely do have. We could do that  
24 immediately and the only question I can ask,  
25 Your Honor, I can hand up as an exhibit --it's

1 already in the court records, but Your Honor,  
2 two copies. One I want you to have. It's not  
3 really for the witness.

4 In the interim, we would just  
5 like to move forward. No awards of money; no  
6 release of money but to move this process  
7 forward to complete the protocol which is  
8 something that would come to you, Your Honor,  
9 to approve, if that is what you want if you  
10 want to exercise that jurisdiction over the  
11 program. Otherwise, for the executors to  
12 approve the protocol and be in a position to  
13 move forward if in fact we can reach an  
14 agreement with the Attorney General or  
15 otherwise avoid what I think you call a freeze  
16 of the program which obviously we don't want.  
17 That Order will allow Ms. Feldman actually to  
18 be gainfully employed again and to move  
19 forward and for Mr. Feinberg to put it  
20 together.

21 THE COURT: You are going to ask  
22 me to sign this order now?

23 ATTORNEY TOMBACK: Yes, Your  
24 Honor, please.

25 THE COURT: No, I don't believe

1 so. I haven't even seen what you had marked in  
2 the exhibits and they have not been admitted.  
3 You haven't moved for the admission.

4 ATTORNEY TOMBACK: I move for the  
5 exhibits of 1 through 7. Eight is already in  
6 the record. I thought I move a few of them in  
7 before.

8 THE COURT: No, you haven't  
9 because I never ruled.

10 ATTORNEY TOMBACK: I'd like to  
11 move to enter into the record Exhibits 1  
12 through 7.

13 THE COURT: They will be so  
14 admitted.

15 ATTORNEY SMITH: Of course, Your  
16 Honor, I just would want to say that I want to  
17 put my objection on the record.

18 THE COURT: I'm not signing any  
19 motion from the bench. Trust me on this.

20 ATTORNEY TOMBACK: Your Honor,  
21 I'm being urged to ask and I actually want to  
22 ask it myself but I don't want to anger Your  
23 Honor. I would very much like to call Mr.  
24 Feinberg just to address the Attorney  
25 General's concern. It may help make progress,

1 I think.

2 THE COURT: Call just him for  
3 the limited purpose of that. I've gotten, I  
4 think, the claimants Counsel who was present  
5 wanted to know the money. Attorney Benham, I  
6 keep looking at you. You have that as part  
7 of the record that now you can get copies of  
8 that and then now the attorneys can be in a  
9 better position to say, if I understood that,  
10 that was their reservation, but I think maybe  
11 you need to talk to the Attorney General, the  
12 Government of the Virgin Islands, Department  
13 of Justice as to his concerns. We now know  
14 what the monies are. We now know what you are  
15 seeking to set it up.

16 ATTORNEY TOMBACK: Your Honor,  
17 just so you understand that the executors are  
18 trying to sort of move between a rock and a  
19 hard place. What is difficult for the  
20 executors is that the reason that there's no  
21 quote/unquote cap on the program is to attract  
22 claimants to the program and to avoid  
23 criticisms from Plaintiff's Counsel that we  
24 are given quote/unquote only X dollars. And  
25 so we carefully avoided that and I understand

1 that the Attorney General wants effectively a  
2 cap and we'll work with the Attorney General  
3 to try to get this done.

4 THE COURT: I don't think that is  
5 what they want. The Attorney General to me is  
6 just saying make sure whatever judgment they  
7 may get-- right now, you know what? We have  
8 two sets of claims. We have a claim by the  
9 Attorney General and the claimants.

10 The question is, does the  
11 Attorney General lien take priority over  
12 anything else done in the estate and I said  
13 that is how I read it. Attorney Blum said  
14 that is how he read it too, that it may stop  
15 everything because the Attorney General has  
16 put a lien on all the property. I said, well,  
17 the estate has to continue to function. It  
18 has to pay its bills; it has to -- and  
19 Attorney Smith, I think, conceded that it may  
20 have basic administration costs, but this is  
21 different what you are asking this Court to do  
22 while I have this lien here. And this is what  
23 I am saying, why can't somebody guide the  
24 Court - whether Counsel submit memorandums of  
25 law -- no, it does not; we can proceed --

1 whether you can say we can back out this  
2 amount, whatever is going on in the civil  
3 court should not be affected; we believe the  
4 estate, if the Attorney General, the  
5 Government of the Virgin Islands was to  
6 prevail, this will be the amount that they  
7 would recover and so we can safely expend  
8 these monies on this program, but remember the  
9 question was because we don't have the  
10 quarterly accountings, we don't have the full  
11 evaluation. We don't know what the estate  
12 consist of.

13 ATTORNEY TOMBACK: Your Honor, I  
14 understand. Can we start with Mr. Feinberg  
15 just to address the subsequent concerns that  
16 the Attorney General have with the program, if  
17 I can call him?

18 THE COURT: Just call him quickly.  
19 Thank you, Ms. Feldman. We have all exhibits  
20 admitted?

21 Thereupon, KENNETH R. FEINBERG,  
22 first having been duly sworn, was examined and  
23 testified as follows:

24 DIRECT EXAMINATION

25 By Attorney Tomback:

1           Q. Mr. Feinberg, before you were  
2 sworn in, I think you have all the exhibits in  
3 front of you so it would go much quicker.

4           THE COURT: He's already sworn  
5 in.

6           ATTORNEY TOMBACK: He already  
7 sworn in?

8           THE COURT: Yes, we were good on  
9 this one.

10 By Attorney Tomback:

11           Q. Where do you live, Mr. Feinberg?

12           A. Washington, DC.

13           Q. Did you come down here just to  
14 testify in this proceeding?

15           A. I did.

16           Q. Where are you employed?

17           A. I'm the Law Office of Kenneth R.  
18 Feinberg, PC.

19           Q. What do that firm do?

20           A. We specialize in alternative  
21 dispute resolutions, mediations, arbitrations  
22 and claim programs like the one proposed.

23           Q. Would you just describe briefly to  
24 Your Honor your experience in this matter?

25           A. I started in 1984 with the Agent

1 Orange Vietnam veterans liability litigation  
2 where we set up a program following the  
3 settlement. I was appointed by the Bush  
4 Administration to design and administer the  
5 911 funds. I was appointed by the Obama  
6 Administration to design and administer the  
7 Deep Water Horizon Explosion and I'm currently  
8 a co-administrator and designer of Catholic  
9 Church sexual abuse cases in five states.

10 Q. Have you written any books?

11 A. I have written two; One is "Life  
12 Worth". My experiences with the 911 Victim  
13 Compensation Fund. And "Who Gets What",  
14 chapters devoted to my various claim  
15 administration programs.

16 Q. And is it fair to say that you are  
17 regarded as either the best or one of the best  
18 people in dealing with these sorts of  
19 complicated multiple claimant filings?

20 A. That is for others to say. I'm  
21 busy at it.

22 Q. Will you disagree with Ms. Feldman  
23 on that?

24 A. No.

25 Q. Do you have a role in this

1 program, the Epstein Victim Compensation  
2 Program?

3 A. Yes. I have been asked by the  
4 estate to work with Ms. Feldman and Ms. Biros  
5 in the design, implementation and  
6 administration of a proposed program.

7 Q. Do you believe the program would  
8 work if the Court approves it?

9 A. Yes.

10 Q. And are you familiar with the  
11 oppositions to the estate motion for  
12 establishment of a voluntary claims resolution  
13 program filed basically last Friday by  
14 Attorney General Denise George?

15 A. Yes.

16 Q. Have you reviewed it?

17 A. I have.

18 Q. What do you think of it?

19 A. The Attorney General is trying to  
20 do what is best for the Virgin Islands. I  
21 can't question that. There are statements made  
22 in the Complaint that I disagree with, and I  
23 agree with the Court sitting up back that the  
24 estate and the Attorney General should be able  
25 to work this out.

1           **Q.** And I direct your attention to  
2 Page 1 of the Opposition. It says, quote, the  
3 program does not secure the Government's  
4 substantial and legally protectable interest  
5 in the appropriate and supervised distribution  
6 of the estate's assets.

7                         What's your understanding of  
8 whose role it should be to, quote, supervise  
9 the distribution of the estate's assets?

10           **A.** The Government has an interest.  
11 It's the executor's role. There's no reason  
12 you can't set up this program and administer  
13 it to the satisfaction of the Government, I  
14 think, as we've done in other programs with  
15 the Government of the United States or states  
16 that have studied the program and gone along  
17 with the proposal.

18           **Q.** Okay. On Page 3 of the Attorney  
19 General's letter, she notes that Virgin  
20 Islands law entitles victims of crimes to be  
21 treated with dignity and compassion, to be  
22 protected from intimidation, to be informed of  
23 their legal rights and to receive reparations  
24 for physical and emotional injuries suffered  
25 as a result of being a victim of a violent

1 bodily crime.

2 Breaking that down, how many  
3 claimants have made themselves known, roughly,  
4 to the program so far?

5 A. I think it's probably either known  
6 or in anticipation from talk with Plaintiff's  
7 lawyer, probably about fifty. There may be  
8 more. Once you announce a program, they will  
9 be gilded and they will come. But the goals  
10 set out in the Attorney General's Complaint is  
11 exactly the goal of this program - to satisfy  
12 the Attorney General and the estate and  
13 especially the victims in getting them prompt  
14 compensation.

15 Q. To date are any of the claimants  
16 that have come forward, US Virgin Islands  
17 residents that you know of?

18 A. I'm not aware of any. I don't  
19 know.

20 Q. And Ms. George says, quote, under  
21 the framework of the fund, there's no  
22 obligation that the program Administrator be  
23 subject--withdrawn.

24 On Page 4, on the long part of  
25 Page 4, Ms. George notes that the programs

1 design, quote, would be in part determined by  
2 an undefined group of those with an interest  
3 in resolution of the sexual abuse claims made  
4 by Mr. Epstein's victims, and she complains  
5 that, quote, this group could include any  
6 number of individuals and entities, close  
7 quote.

8 Who actually designed the  
9 program to the extent it's designed so far?

10 A. The protocol was very transparent.  
11 The Administrator will be Jordana Feldman; the  
12 program has been designed by Ms. Biros and  
13 myself. It's been submitted to both the estate  
14 lawyers and the executor and it's been  
15 submitted to very distinguished Plaintiff  
16 Counsel.

17 They have commented; we've  
18 redlined it; we are still reviewing it; but it  
19 is a very transparent process designed to get  
20 eligible claimants fast compensation.

21 Q. Without restating what Ms. George  
22 said, do you understand that in administering  
23 the program, Ms. Feldman, you, and Ms. Biros  
24 will be subjected to the supervision and  
25 approval of this Court?

1           A. That's my understanding.

2           Q. And do you understand that we are  
3 here because we sought the approval of the  
4 Court. We just didn't do it, right?

5           A. Yes.

6           Q. And once you developed the  
7 protocol, is it the plan of the executors and  
8 the funds administrators, independent though -  
9 we do communicate - is there a joint plan to  
10 come back to the Court with the protocol for  
11 Your Honor, for the judge's approval?

12          A. That is my understanding.

13          Q. And that happens before a cent is  
14 going to be paid out of the fund?

15          A. That's my understanding.

16          Q. And I asked Ms. Feldman a bunch of  
17 questions about would she listen to the  
18 Attorney General, has she heard from the  
19 Attorney General. I take it not only will the  
20 Co-Executors be willing to speak with the  
21 Attorney General, but you, Ms. Feldman, Ms.  
22 Biros, etcetera, will be willing to take her  
23 input?

24          A. Whatever the Attorney General  
25 wants.

1           Q. Okay. On Page 4, the Attorney  
2 General also complains that the Epstein  
3 --well, the program, quote, fails to specify  
4 what constitutes a sexual assault and who  
5 qualifies as a claimant.

6                     What in your experience is the  
7 program--what constitutes sexual assault in  
8 this program?

9           A. The submission by a Plaintiff's  
10 lawyer or pro se claimant claiming that the  
11 alleged victim was abused in various ways,  
12 minimally to very, very extensively, here are  
13 all the circumstances given rise to that  
14 sexual abuse and the administrator will make  
15 a determination as to eligibility and as to  
16 the amount, if eligible, the amount of money  
17 that will be proffered or offered to that  
18 claimant.

19           Q. It sounds like a whole bunch of  
20 questions. Is it fair to say that it's an  
21 extremely low bar for a person or her counsel  
22 to come forward and to participate in the  
23 program and then have a dialogue with the  
24 program about what is just compensation?

25           A. Yes, it is. Much lower than a

1 court of law.

2 Q. And Ms. George expresses concern  
3 that, quote, children who were sexually abused  
4 by Mr. Epstein may mistakenly believe that  
5 they consented to this assault and may not  
6 recognize their eligibility for compensation.

7 Of those that you're familiar  
8 with who has come forward, do any of them  
9 allege that they were minors when Mr. Epstein  
10 sexually abused them?

11 A. I'm not aware of individual claims  
12 at this stage.

13 Q. Combining a number of concerns  
14 that Ms. George has, why is there a window and  
15 a deadline and why does the program not just  
16 go on forever? I know Ms. Feldman addressed  
17 that, but can I hear from you?

18 A. You can't have a program like this  
19 go on forever. It's not good for claimants.  
20 In the 911 fund, two thirds of all the  
21 claimants arrived and filed a claim in the  
22 last ninety days of a 33-month program. If you  
23 do not have a deadline, people procrastinate.  
24 It's human nature.

25 So we try and set up a timeline

1 that will provide claimants and their Counsel  
2 ample opportunity to file claims. We have  
3 discussed this, not only with the estate, but  
4 with the various lawyers representing  
5 claimants.

6 Q. And if a claimant missed that  
7 window, will they still have recourse to the  
8 courts?

9 A. Not only will they have recourse  
10 to the courts, but as you may understand, we,  
11 in certain circumstances, will bend the rules  
12 to allow a late filing.

13 Q. On Page 5 of her letter, Ms.  
14 George urges that, quote, any program proposed  
15 to compensate Mr. Epstein's victims should  
16 counsel the psychological trauma of minors  
17 who often repress memories of their abuse by  
18 allowing them additional time for filing a  
19 claim instead of limiting time for filing. Do  
20 you feel the program give enough time?

21 A. I think so and I agree with that  
22 statement, but I think that a nine-month  
23 program, as the word gets out, we should be  
24 able to get all eligible claimants to file.

25 Q. And you just covered this but in

1 your experience, the programs have cutoffs and  
2 then there is some flexibility that the  
3 administrator has to try to loop people in who  
4 for whatever reason has missed the time?

5 **A.** In the 911 Victim Compensation  
6 Fund, 97% of all eligible claimants filed. In  
7 the GM Ignition Switch Traumatic Car Accident  
8 Program, over 95% filed and in all of these  
9 church sexual abuse cases, the overwhelming  
10 number, well in excess of 95%, filed within  
11 the deadline.

12 **Q.** On Page 5, Ms. George continues  
13 and says, quote, the evidence requirement  
14 could potentially exclude deserving claimants,  
15 close quote, and says there's concern that the  
16 program will exclude victims or claimants who  
17 may be unable to document their claims. What's  
18 your reaction to that?

19 **A.** That's a very legitimate concern.  
20 We think the way the protocol was drafted and  
21 the procedures that have been drafted will  
22 satisfy the Attorney General that we won't  
23 find eligible claimants deemed ineligible and  
24 that is a very real concern of ours in  
25 drafting the protocol.

1           Q. I mean, that's a very fine point I  
2 asked. It's not really clear to me whether the  
3 Attorney General is concerned about finding  
4 too many people eligible or finding too many  
5 people ineligible.

6                     I mean the goal of the program,  
7 right, is to figure out the people who are  
8 truly eligible and to accurately figure out  
9 what is just compensation?

10           A. Correct.

11           Q. That's the whole game, right?

12           A. Correct.

13           Q. Okay. We covered the concern about  
14 being forced to come to New York or not being  
15 heard. If need be, could you envision coming  
16 down here, I guess you or Ms. Feldman coming  
17 down here if there's enough people here and  
18 meeting with claimants?

19           A. Absolutely. Don't forget, what  
20 these people often want as much as  
21 compensation, if not more, is validation, is  
22 acknowledgment, the opportunity to be heard  
23 and this is something that is a very important  
24 voluntary aspect of the program.

25           Q. Ms. George complains that the

1 program, quote, contains no assurances that  
2 the information submitted by a claimant cannot  
3 be later used against her if she thereafter  
4 decides to file suit against the estate or any  
5 other co-defendant.

6 Is that criticism grounded in  
7 the way you see the program?

8 A. No. No. The protocol expressly  
9 secures the confidentiality of anything  
10 provided by the claimant. The claimant, and  
11 the claimant alone, decides the extent of  
12 transparency or disclosure - not the program,  
13 not the administrator, or the estate.

14 Q. A few more, on Page 6, there's a  
15 concern that notes, quote, the program  
16 provides no protection to claimants who  
17 voluntarily provide information that may later  
18 be used to defend the estate from claims or  
19 provides evidence against other victims. Does  
20 the program work that way?

21 A. No. The program seals all the  
22 information and various common law and  
23 statutory privileges apply. We've seen that  
24 in these other programs - attorney-client,  
25 etcetera; settlement discussions, etcetera.

1           Q. Is one thing clear between you and  
2 the executor's and their counsel that you are  
3 independent, right?

4           A. That's right. When the estate  
5 approached me --and the Court asked this  
6 question a little earlier.

7                   When the estate approached me  
8 and I recommended Ms. Feldman and Ms. Biros, I  
9 had certain preconditions based on my  
10 experience.

11                   One: Once the program is up and  
12 running, any decision made by Ms. Feldman as  
13 the Administrator is independent and may not  
14 be challenged by the estate.

15                   Second pre-condition, I asked  
16 the estate point blank, is there enough money  
17 in the program to indemnify all eligible  
18 claimants and the expressed answer I received  
19 from the estate is absolutely. There are  
20 sufficient funds in the estate to provide  
21 eligible claimants with generous compensation  
22 without resort to any cap or any artificial  
23 ceiling placed on an individual award.

24                   Now, I reminded the estate that  
25 in the 911 fund the compensation ranged from

1 \$250,000 a claim. We had a few claims in  
2 excess of five million dollars. In the GM  
3 Ignition Switch programs, the claims ranged  
4 from about \$100,000 to a few million dollars  
5 and I wanted to be satisfied that in designing  
6 this protocol, the estate had sufficient  
7 assets-- not only to fund the infrastructure,  
8 the budget, but albeit, sufficient funds  
9 without a cap for the administrator to fund in  
10 some cases perhaps multi-million dollar  
11 awards. The estate has assured me and Ms.  
12 Feldman that there are sufficient funds so  
13 that any reasonable program with maybe fifty  
14 or one hundred, maybe more claimants, there  
15 will be claimants that will received, I  
16 suspect, multi-million dollar awards and there  
17 would be claimants deemed ineligible because  
18 Ms. Feldman is correct that when you build one  
19 of these programs, there will be certain  
20 claimants who will file and will be found  
21 ineligible.

22 So in response to the Court,  
23 I can't say yet without examining the claims  
24 whether the average claim will be one hundred  
25 thousand dollars, a million dollars, two

1 million dollars but the protocol anticipates  
2 any claimant deemed eligible can be valued by  
3 the Administrator without regard to limited  
4 funds.

5           Some other plaintiffs' counsel  
6 raised this; I've raised this with David  
7 Boies; I've raised this with Brad Edwards;  
8 I've raised this with other Plaintiff's  
9 counsel. There is no cap and Plaintiff's  
10 Counsel have been assured that they should  
11 participate in this program.

12           **Q.** Directing your attention to when  
13 Ms. George says on Page 7 of her letter,  
14 quote, the range of compensation must be  
15 available to claimants before filing. It goes  
16 on to say, quote, the potential range of  
17 compensation available for each claim should  
18 be provided in advance, close quote.

19           Based on your experience, is  
20 that the way you generally develop the  
21 protocol?

22           **A.** Can't be. Until we examine the  
23 claims and the allegations and the  
24 circumstantial evidence of abuse, you can't  
25 begin to anticipate variations among

1 claimants. You can't develop a public matrix  
2 that will, I think, raise false expectations  
3 as to what the ranges would be. There's a  
4 certain degree of discretion that the  
5 independent administrator must have once  
6 reviewing the entire file to determine  
7 eligible compensation.

8 Q. If the claimant wishes, this  
9 includes an interview with Ms. Feldman,  
10 correct?

11 A. At the claimant's option. Not  
12 required. Failure to request a hearing won't  
13 adversely impact the administrator. That's  
14 something that the claimant must decide with  
15 his or her lawyer.

16 Q. A few more. On Page 6, Ms. George  
17 says, quote, the absence of clear and precise  
18 parameters for inclusion or exclusion in the  
19 program fails to provide appropriate guidance  
20 to ensure potential claimants will not be left  
21 out. Specifically, without clear criteria,  
22 potential claimants neither have the  
23 information or confidence to approach the  
24 fund.

25 We've been over this, basically,

1 you believe you've been sexually abused and  
2 you show up, that is sufficient? I mean, do  
3 you feel there is a need for more  
4 infrastructure at the front end?

5 A. In the draft protocol that we  
6 hope to finalize with the approval of this  
7 Court, we lay out in some pretty clear  
8 language the criteria that the administrator  
9 looks at. It's similar to what we're looking  
10 at now in the Catholic Church sexual abuse  
11 cases in five states. It's basically that type  
12 of criteria. It's not exclusive but we think  
13 that provides the claimant, and I think the  
14 Attorney General, with a pretty good blueprint  
15 of what Ms. Feldman will be looking at in  
16 administering this voluntary program.

17 Q. Ms. George makes the statement  
18 that the program administrator's ability to  
19 award compensation, quote, makes it less  
20 likely that each claimant receives the  
21 compensation to which she is fairly and  
22 impartially entitled. Your view on that?

23 A. Well, I just said that is not  
24 true. As long as there's no cap on the  
25 program, as long as Administrator Feldman can

1 render an independent decision as to each  
2 claim without regard to any cap, based on the  
3 state's representations, I don't think any  
4 eligible claimant is going to be shortchanged  
5 by the number of eligible claimants.

6 Q. So far, I just want to ask you, do  
7 you agree that one of the themes that the  
8 Attorney General is pointing towards is  
9 concern that any claimant will somehow be  
10 disadvantaged, not receive enough  
11 consideration, there might be a cap on what  
12 they may get. In other words concern that  
13 people would come forward and state that they  
14 have been victimized and become claimants,  
15 they need to be treated as well as possible?

16 A. I think that's right. I think  
17 it's a fair concern but I think the protocol  
18 addresses that concern and ensures that each  
19 claimant will receive an independent valuation  
20 without regard to available, other available  
21 funds.

22 Q. You've already addressed this, but  
23 the demand that Ms. George makes on Page 7 is  
24 that the program, quote, should disclose any  
25 limits on the amounts of compensation

1 individually or collectively - speaking of  
2 compensation to claimants.

3 In your view, should those  
4 amounts be disclosed? You know, married to an  
5 identifier of the claimant? In other words,  
6 Claimant named A,B,C receives X,Y,Z?

7 A. No. I don't think claimants in  
8 particular, claimants in particular don't want  
9 amounts that they've received to be disclosed  
10 and the protocol spells out expressly that  
11 there is no cap or no limit on the amount of  
12 individual compensation.

13 Q. Right. She says the quote  
14 addresses disclosing limits. You don't want a  
15 limit?

16 A. That's right.

17 Q. If a claimant doesn't like the  
18 compensation award she receives, can she  
19 reject it?

20 A. Of course, very few do if we do  
21 our job right, but the answer is yes.

22 Q. I was just going to ask you, in  
23 your experience with just a couple of the  
24 funds that you've run, what has been the  
25 acceptance rate exactly?

1           **A.** All of the funds that I've  
2 administered, the acceptance rate is above 90%  
3 and that's because the programs have very  
4 quick -- I think Ms. Feldman was a little  
5 guarded. I think in this program since it's  
6 been delayed in up and running, I think the  
7 compensation decisions once made, people will  
8 be paid within a week and I'll be very  
9 surprised --it will be a first --if we don't  
10 have the vast number of eligible claimants  
11 paid quickly.

12           **Q.** And then are you---well, Ms.  
13 George said that --this is on Page 7 again.  
14 There is a lot on Page 7. She says, quote,  
15 the waiver of requirement is unjust --  
16 referring to the waiver requirement that, I  
17 think this is what she is terming the  
18 waiver--that if somebody receives  
19 compensation, she must give a global release.  
20 Do you view that as unjust or necessary?

21           **A.** I don't view it as unjust. It's a  
22 voluntary program. If the claimant and her  
23 lawyer don't feel that the compensation that's  
24 offered by Ms. Feldman is fair or just or  
25 reasonable, they opt out and continue to

1 litigate or pursue other remedies.

2 Q. Is the estate vulnerable to third  
3 party claims and how does that work if, in  
4 fact, the estate does not receive a general  
5 release from a compensated claimant?

6 A. That's a very interesting  
7 provocative question raised by the Attorney  
8 General and others. And as Ms. Feldman stated  
9 earlier, the scope of the release has not yet  
10 been finalized. The estate has to make a  
11 decision. Does it want total peace?

12 Ms. Feldman, you will pay what  
13 ever is necessary to secure a comprehensive  
14 release so we won't be cross-claimed by a  
15 claimant or alternatively now, if a claimant  
16 wants to release the estate but litigate  
17 against X or Y, that is up to the claimant.

18 So that is a critical issue and  
19 you can argue both ways and I think that the  
20 estate and the administrator and the  
21 plaintiffs' lawyers are discussing that at  
22 this time.

23 Q. Page 8, Ms. George complains that  
24 the program, quote, does not specify whether  
25 the administrator is permitted or required to

1 share evidence with law enforcement, thus  
2 positioning the program as a potential means  
3 to conceal criminal activity, close quote. I  
4 take it that wasn't an accusation that you're  
5 trying to conceal anything, but in any event,  
6 what's your view on that?

7           **A.** In the forty years that I've  
8 designed and administered these programs, law  
9 enforcement has never sought to secure any  
10 civil confidential information.

11           In the church cases, the  
12 Attorney General of various states have come  
13 to us and said, you know, you have a lot of  
14 information about wrongdoings by Clergy and we  
15 refused to--we work out with the Attorney  
16 General, go see the diocese or the Church.  
17 Don't come to a program where claimants,  
18 individual victims have participated in a  
19 program on the absolute guarantee of the  
20 administrator that information that have been  
21 submitted will not be disclosed to anybody.  
22 And that is a very important part of this.  
23 Claimants do not want information disclosed.

24           **Q.** The program, would it respect that  
25 wish of claimants?

1           A. It's expressly spelled out in the  
2 protocol, yes.

3           Q. And they can still go to law  
4 enforcement. Period. Full stop. It's up to  
5 them?

6           A. It's up to them and they can go  
7 public. That's up to them. The estate cannot.  
8 The administrator cannot.

9           Q. On Page 8, Ms. George says that  
10 the program, quote, presents an unavoidable  
11 conflicts of interest, close quote, between  
12 the executors and the program. She said, the  
13 Co-Executors have, quote, an inescapable  
14 conflict of interest in recommending a program  
15 that proposes to compensate any individual or  
16 entity making such allegations requiring in  
17 return overly broad releases. Do you have a  
18 view on this?

19           A. You have to ask the estate on  
20 that. I can tell you that before we agreed to  
21 take on this assignment, Ms. Feldman and  
22 myself and Ms. Biros, we have received  
23 absolute assurances from the estate that they  
24 will play no role in the day-to-day  
25 administration of this program.

1           Q. Okay. So when it comes to the time  
2 to set what is viewed as just compensation for  
3 claimants anywhere, for me, my clients, one of  
4 the Co-Executors, other counsel, zero, right?

5           A. No. Zero.

6           Q. And in terms of your  
7 understanding, just from your long experience  
8 of the Co-Executors, in viewing them so far,  
9 do you view them there as exercising their  
10 fiduciary duty appropriately?

11          A. In this case?

12          Q. In this program?

13          A. Very much so. The estate has made  
14 it clear from day one they want to create an  
15 independent claims program to quickly and  
16 efficiently resolve these sexual abuse claims  
17 against the estate in a manner that is  
18 efficient, cost effective and satisfies their  
19 fiduciary duties.

20                    There have been no problems. They  
21 have worked closely with us as have the  
22 Plaintiff's lawyers in designing and  
23 implementing this program.

24          Q. And Ms. George goes on to say on  
25 Page 9 that, quote, disclosure of conflicts is

1 critical to allow the Court to evaluate the  
2 ability of the program to engage in error and  
3 impartial arms length negotiations or  
4 resolutions.

5 ATTORNEY SMITH: Your Honor, if I  
6 may, Counsel is referring to a letter; there's  
7 no letter that's before the Court that's from  
8 the Attorney General. He's referring to a  
9 motion. It's not a letter. There's no  
10 communication with the Attorney General to the  
11 estate.

12 ATTORNEY TOMBACK: Sorry.

13 THE COURT: I've been reading along  
14 on the Motion.

15 ATTORNEY TOMBACK: It's in the  
16 motion, Your Honor. I have been referring to  
17 it as a letter. Thank you very much.

18 By Attorney Tomback:

19 Q. So let's assume there is a  
20 conflict in some way that the Executor has  
21 with something-- I don't know what. Would that  
22 matter in terms of the determination that the  
23 program makes?

24 A. No. Under the protocol and under  
25 the agreement, once this program is up and

1 running, Ms. Feldman examines every claim and  
2 makes an independent judgment as to  
3 eligibility first and valuation second.

4 Q. And the next to the last, we've  
5 covered the concern about undisclosed costs  
6 and the budget and the engagement letter. So  
7 I want to address that.

8 The last thing on Page 9 that Ms.  
9 George asserts the program as proposed, quote,  
10 offers no reconciliation or accountability  
11 because, quote, there's no disclosure of Mr.  
12 Epstein's conduct, the number of victims or  
13 the amount of awards paid.

14 Does the program in anyway  
15 discourage disclosure of Mr. Epstein's or  
16 anybody's conduct related to him?

17 A. No. This program is about  
18 compensating victims quickly. Whether or not  
19 there's criminal activity or criminal  
20 investigation or what have you, this program  
21 is focused strictly on determining eligible  
22 compensation and paying those victims who  
23 have waited so long for compensation.

24 Q. Besides the specific identify,  
25 will the number of victims, the amount of

1 awards paid by the program be disclosed and  
2 provided to the Court for its review?

3 A. You'll have to ask the estate  
4 that. I'm assuming that there would be some  
5 degree of obligation on the part of the  
6 administrator to keep the Court informed about  
7 the progress and scope of the program.

8 Q. If this program does not go  
9 forward in real speed, in real time, in your  
10 view based on your experience with similar  
11 programs, what is the likely outcome?

12 A. It will be a tragedy. It will be a  
13 tragedy not to quickly try and compensate as  
14 many victims as come forward who are eligible.

15 ATTORNEY TOMBACK: Your Honor, I  
16 welcome any questions you may have of Mr.  
17 Feinberg. I'm done.

18 THE COURT: I don't believe the  
19 concern is of the program and what the program  
20 is designed to accomplish or whether the  
21 persons who have been engaged to design this  
22 program have the experience, knowledge and can  
23 get it done.

24 No one has addressed for me --and  
25 I keep coming back to that --I'm still at I go

1 forward with the program and how do I do that  
2 with what the Government of the Virgin Islands  
3 has filed because the program requires a  
4 significant expenditure of monies, right, and  
5 it is the victims come in, I understand you  
6 would like a quick turn around, but victims  
7 could have awards of millions of dollars and  
8 then the Government of the Virgin Islands is  
9 here saying the estate has been dissipated.

10 We've proceeded with the  
11 program; you knew we had this lien; assets of  
12 the estate were converted to cash to satisfy  
13 the claims. That's where I am. I never had  
14 any concerns about the program and how the  
15 program would work.

16 And as the claimant's counsel  
17 who were present said everybody agrees the  
18 program is what they want. They just wanted  
19 to know what is the money to establish the  
20 program. We now have a budget and now we have  
21 that the awards can be any amount depending on  
22 how the victim presents what she is able to or  
23 can show the administrator, but we still come  
24 back to this lien on everything of the estate.

25 ATTORNEY TOMBACK: Your Honor,

1 we'll speak to it right now.

2 THE COURT: Yes.

3 ATTORNEY TOMBACK: But can I just  
4 point out one last thing before we do that. If  
5 you look at the prayer for relief of the  
6 Attorney General, correct, I mean it basically  
7 summarizes that the Attorney General wants all  
8 the money.

9 THE COURT: Yes, I got that. She  
10 wants everything.

11 ATTORNEY TOMBACK: But the Attorney  
12 General, in her Complaint and in her Motion To  
13 Intervene has put forth--I think the witnesses  
14 have been completely clear--it's sort of--I  
15 don't think intentionally --but sort of fake  
16 facts about the program. I just want to put  
17 the cap on that.

18 THE COURT: Okay.

19 ATTORNEY TOMBACK: I don't  
20 understand why the Attorney General is talking  
21 about the program and why the Attorney General  
22 is even criticizing the program. If she's  
23 basically just saying I want to take all the  
24 money, right, and I want to deny the victims  
25 the right to the program and I want to try to

1 gum up the entire estate, well, sure, we'll  
2 talk to the Attorney General. I don't  
3 understand, but we'll grapple with the merits  
4 of her claim but the merits of her criticisms  
5 with the program is why Mr. Feinberg is here  
6 and Ms. Feldman and I'm asking questions and  
7 why the Plaintiffs, I presume, are defending  
8 the program. I'm just saying they don't have  
9 any merit and I want to move on.

10 THE COURT: You talked to the  
11 Attorney General. I let you address the  
12 Attorney General's concern. My concern was  
13 how much money are we talking about to fund  
14 the program for this Court to approve and you  
15 say to the executors, you can fund this  
16 program; you can set this up, right. I  
17 didn't go into the merits of the program  
18 because I have where all the claims that are  
19 filed, everybody said they support the  
20 program.

21 The issue is, and I keep bringing  
22 it back, is how does this Court fund this  
23 program if I have what the Attorney General  
24 has set an action in process in the civil  
25 court and has filed a lien that says you

1 cannot use any assets of the estate?

2           Wouldn't I have to move  
3 significant assets over to this program if you  
4 are going to compensate victims within 12 to  
5 14 days? That's what it is.

6           But you're saying the Attorney  
7 General, whether or not she's not compensating  
8 any particular victims, she is seeking to  
9 compensate the People of the Virgin Islands --  
10 that is her client. That is who she  
11 represents.

12           Now, if you want to go over to  
13 the civil court and say she has no merits to  
14 say I should take what the estate has, that  
15 the People can't show why she should be  
16 entitled to that --and I see it in the  
17 complaint --and I did have the Complaint  
18 before me.

19           ATTORNEY TOMBACK: Well, to be  
20 honest, I don't want to get into the merits  
21 but it's not quite as simple as the Attorney  
22 General might think.

23           THE COURT: But that is not for me  
24 to determine, right?

25           ATTORNEY TOMBACK: Right.

1 THE COURT: Another Judge is going  
2 to handle that.

3 ATTORNEY TOMBACK: What I want to  
4 say are two things. One, in terms of what  
5 the Attorney General can do here, you know,  
6 there are other law enforcement authorities.  
7 There is a house in New York; there's a ranch  
8 in New Mexico; and it will be a shame if the  
9 Attorney General, as I understand it, has not  
10 been in contact with the United States  
11 Attorney General for the Southern District of  
12 New York which still has the active  
13 investigation going. It would be a shame if  
14 we have a battle between law enforcement  
15 agencies and it destroys the ability of the  
16 estate to address the victims.

17 Your Honor, I just want to say  
18 on my own behalf that I hope that the Attorney  
19 General, through the presentation of Ms.  
20 Feldman and Mr. Feinberg that she could at  
21 least claim to be interested in the victims  
22 and I think that we have tried to make a case  
23 to her here that this is a good program that  
24 will help the victims.

25 So hopefully we can make some

1 progress in figuring out how much the Attorney  
2 General needs in terms of cash in the estate  
3 to let the program go forward.

4 THE COURT: Maybe that is what you  
5 have to talk to the Attorney General about.  
6 That is why I keep saying maybe the estate  
7 needs to talk to the Attorney General and the  
8 Attorney General will say, you know what? I  
9 filed this lien, but maybe I will release so  
10 much to fund the program, but to me, the  
11 Attorney General has taken a lien on  
12 everything this estate has.

13 THE WITNESS: Your Honor, may I be  
14 heard just in response?

15 THE COURT: Sir?

16 THE WITNESS: This has happened  
17 occasionally in other programs that I've  
18 designed.

19 THE COURT: Okay. Somebody help me.

20 THE WITNESS: For example,  
21 sometimes the Government says we're interested  
22 in seizing or freezing the assets because we  
23 want to make sure that through restitution and  
24 civil and criminal fines there will be enough  
25 money available from the estate to compensate

1 eligible victims.

2 Well, in this program, I would  
3 hope based on the testimony that the AG of the  
4 Virgin Islands will see no reason to freeze  
5 for purposes of restitution and fines owing to  
6 the victims because the victims, under the  
7 estate plan, will be compensated quickly  
8 without regard to the public intervening.

9 And the second point I think  
10 you've made very very clear. In my experience  
11 that if the estate and distinguished Counsel  
12 sit down with the Attorney General now that  
13 the Attorney General has a better  
14 understanding, I think, of the program that  
15 Your Honor has elicited from the testimony, I  
16 would like to think that the Attorney General  
17 and distinguished Counsel shall be able to  
18 work out a solution for these women, the  
19 innocent victims of this delay. That's the  
20 real dilemma here.

21 THE COURT: Right. And that's  
22 what I am saying because, right, if we have  
23 the lien and it's a question of, remember we  
24 said we have to go and research it, what is  
25 that lien? That lien seems to take everything

1 because it begins with the estate and all  
2 these assets are sitting in the estate held by  
3 the decedent, right, of these corporations,  
4 all the shares and all these shares, the  
5 corporations own the real property. So title  
6 is in the decedent.

7 So the Attorney General has come  
8 in and she put a lien on all that property.  
9 Even if I wanted to fund that program, what  
10 could I safely move over to that program that  
11 doesn't impact what I've now been put on  
12 notice there's nothing that I can transfer.

13 And so I think we now understand  
14 the program and I thank you for your testimony  
15 and Ms. Feldman. We now understand the  
16 program better, right, not just on paper but  
17 understanding how it will work through your  
18 testimony.

19 Claimants attorneys have heard  
20 the testimony on how this program is designed  
21 to work. We may just need to tweak with the  
22 development of the release, the protocol has  
23 been changed in some way. Can it be that this  
24 Court can safely, with the consent of the  
25 Attorney General, move so much money into that

1 program to then allow that program to proceed  
2 to start compensating the victims/claimants in  
3 the manner in which Counsel present want it  
4 done without impacting what the Attorney  
5 General believes she has to do as her legal  
6 representative of the People of the Virgin  
7 Islands? Can that be something that can be  
8 done?

9 I've heard it all today, but I  
10 keep saying, I have this lien. I know she  
11 opposes--and you know what? I don't even  
12 think the Attorney General has to go to oppose  
13 the program. All she had to do is file a  
14 lien; you're stopped. I filed a lien and  
15 you're stopped, right?

16 ATTORNEY TOMBACK: But just to  
17 put a fine point on this, Your Honor, and Mr.  
18 Feinberg used the word tragic; I would use the  
19 word waste. But if a terrible waste if the  
20 way in which the Court views its jurisdiction  
21 and the Attorney General views its  
22 responsibilities, we'll see the estate really  
23 getting, and able to pay for litigation and  
24 ultimately probable able to pay for claims  
25 simply because there are enough assets in the

1 United States to pay for those claims, but to  
2 go down that road and not be able to fund the  
3 program which is a much better option, I think  
4 for all. So we will work with the Attorney  
5 General to get something done.

6 THE COURT: I keep thinking you  
7 are missing what I am saying. She has taken a  
8 lien on the entire estate. She's not taking a  
9 lien on Little St. James only. She's taking a  
10 lien on the entire estate and say no assets  
11 can be taken out and her lien is a priority  
12 lien. It specifically says nothing can be  
13 taken out so if I approve the funding of the  
14 program, you start talking, the claimant's  
15 come in; you start awarding claims. You know  
16 what I asked Ms. Feldman, so can I then tell  
17 the victims, now just wait until whatever  
18 resolves itself down here in the VI and you  
19 said no. That defeats the whole purpose of  
20 the program. Right? And we can have claims  
21 where it could be a multi-million dollar claim  
22 that a person gets or you would have thirty  
23 cases so far. Thirty people, all get 20  
24 million dollars. Well, now the executor has  
25 to be able to pay over this money but we have

1 this action going on that no, he can't.

2 So it has to be worked out with  
3 something either hold back to some extent and  
4 the Attorney General say, yes, I understand  
5 now. This program has been fully presented.  
6 The claimants attorneys are all in support of  
7 it because it will give quick resolution for  
8 settlement of these victims. They can be  
9 compensated. There's a spread, depending on  
10 what evidence they present but we need to be  
11 able to move so much of those assets of the  
12 Epstein estate over there to that program. And  
13 I think it just comes to that.

14 So talk, I think you people need  
15 to talk; the two sides need to speak. I've not  
16 allowed the Attorney General to intervene so  
17 the AG did not hear any questions but I'm  
18 still left where I know that I have been put  
19 on notice that this lien is there.

20 UNIDENTIFIED SPEAKER: Your  
21 Honor?

22 THE COURT: Yes.

23 UNIDENTIFIED SPEAKER: If I may,  
24 we filed a supplemental brief in this matter,  
25 Your Honor.

1           ATTORNEY KROBLIN: It does address  
2 the issues Your Honor has raised.

3           THE COURT: Did you file a  
4 Supplemental brief? When?

5           ATTORNEY KROBLIN: Yes, we did.  
6 Last Friday.

7           THE COURT: Last Friday?

8           ATTORNEY KROBLIN: Yeah.

9           THE COURT: What is the date?

10          ATTORNEY KROBLIN: The 31st.

11          THE COURT: Okay, then I have to  
12 get to that. And you addressed that?

13          ATTORNEY KROBLIN: It addresses the  
14 issue, one about the priority of the lien,  
15 Your Honor. The Attorney General, when they  
16 filed that says that the lien takes priority,  
17 they cut off the last sentence of the Statute  
18 and it clearly says that the lien takes  
19 priority and it says overall interest if the  
20 interest is acquired subsequent to the filing  
21 of the notice.

22          THE COURT: That's a beneficial  
23 interest in it.

24          ATTORNEY KROBLIN: Yes, Your Honor.  
25 But what we've addressed is that the lien

1 doesn't actually have a super priority; it has  
2 other things come before it and it's the issue  
3 of priority. And we also filed in the brief  
4 that we believe because the decedent died and  
5 the money went to the estate, this Court took  
6 control of the money. It's not some other  
7 Court that has control of the money; they  
8 didn't file the lien prior to the death so  
9 therefore this Court has control of all of  
10 decedent's money and the distribution of it.

11 They can file a lien and seek  
12 for a claim in this court, but as far as  
13 freezing the assets, we don't believe that  
14 they can and it's addressed in our  
15 Supplemental Brief.

16 THE COURT: Okay. I may have  
17 overlooked that. Then I will find that.

18 ATTORNEY KROBLIN: Thank you,  
19 Your Honor.

20 ATTORNEY SMITH: Just the same,  
21 we would like an opportunity to respond, Your  
22 Honor, cause we just got it on Friday. Sorry,  
23 we got it yesterday at five clock by mail so  
24 they didn't really want to have us have an  
25 opportunity to respond.

1 THE COURT: Well, Okay.

2 ATTORNEY KROBLIN: That's not  
3 true, Your Honor.

4 ATTORNEY SMITH: It is true.

5 THE COURT: Okay. The bottom line  
6 is, Attorney Kroblin, I've not seen it.

7 ATTORNEY KROBLIN: I understand,  
8 Your Honor. I just wanted to bring it to the  
9 Court's attention.

10 THE COURT: I'm going to look at  
11 it. You may have given me where I can begin  
12 the research on this.

13 ATTORNEY KROBLIN: Yes, Your Honor.  
14 Just as far a briefing goes for us to  
15 understand whether the Government, the lien,  
16 cause in its papers that has been filed  
17 although the lien seems very broad in the  
18 papers that they've filed, they say they  
19 didn't want to impede in any way the victims  
20 and their being compensated.

21 THE COURT: I did note that.

22 ATTORNEY KROBLIN: So it seems  
23 that the Government actually has carved out  
24 from the lien what would be this program and  
25 any payment to victims. So we would like some

1 clarity on the Government's position whether  
2 it's actually seeks to impede the process of  
3 paying victims or if the lien specifically  
4 carves out the program of the victims.

5 ATTORNEY SMITH: You are free to  
6 speak to the Attorney General about that  
7 issue.

8 THE COURT: Yes, we know. He is  
9 just a designee here. What is the extent of  
10 the lien, correct?

11 ATTORNEY SMITH: Yes.

12 THE COURT: And I read the  
13 extent of the lien to be everything.

14 ATTORNEY SMITH: That is what it  
15 provides, Your Honor.

16 THE COURT: But you said you had a  
17 Supplemental Brief and I would definitely look  
18 for that.

19 ATTORNEY SMITH: And, Your Honor,  
20 we would just ask for a seven-day period to  
21 respond to that.

22 THE COURT: A seven--

23 ATTORNEY SMITH: Seven days.

24 THE COURT: Oh, I thought you said  
25 seven weeks.

1           ATTORNEY SMITH: No. Seven days  
2 to respond to it because we just literally got  
3 it yesterday afternoon at 5 o'clock.

4           THE COURT: Sorry. You may step  
5 down from the witness stand.

6           [Witness excused]

7           You know what? So the Court is  
8 going to--I've now received the testimony of  
9 the interested parties concerning this  
10 Voluntary Claims Resolution Program. I'm going  
11 to allow persons to file in seven days, you  
12 have the response to the Supplemental Brief  
13 --I do have to find that--any claimants'  
14 attorneys who wish to file any memorandums of  
15 law or anything what you believe can guide the  
16 Court, again the seven days.

17           This Court is going to make a  
18 quick turn around on its decision concerning  
19 whether it can go ahead to fund this program,  
20 yes or no on the motion that you have. So is  
21 that fair enough, seven days?

22           ATTORNEY SMITH: To file the brief,  
23 Your Honor, yes.

24           THE COURT: And anybody else, file  
25 any response, any information, any guidance,

1 any memorandum of law that you believe will  
2 assist the Court, because I think I've dealt  
3 with all motions before this Court. The only  
4 one remaining is the creation --no, the  
5 funding of this program through the assets of  
6 this estate. Correct, and will be determined  
7 then how the Court reads that lien that has  
8 been filed by the Attorney General and in the  
9 time where you are preparing your briefs or  
10 your memorandum of law or whatever you believe  
11 you need to file with the Court, I ask both  
12 sides, Attorney Smith, Attorney Tepper,  
13 please, Attorney Blum, Attorney Kroblin,  
14 Attorney Whalen, and all the attorneys for the  
15 estate, to see if we can meet cause I  
16 understand the Attorney General's position and  
17 her arguments, but I also understand what the  
18 estate is trying to achieve as to the victims,  
19 the alleged victims who are represented by  
20 their counsels who wish this program to be put  
21 into place so they can proceed because I  
22 really agree, the program is going to save  
23 time and money and especially in attorneys'  
24 fees. It has to be a more effective way of  
25 marshalling the assets than both sides

1 engaging counsel going into courts, but I have  
 2 to understand how, why I'm researching to see  
 3 if this lien just tie up everything of the  
 4 estate. Maybe the parties on their own could  
 5 come to some resolution and say we have so  
 6 much money, give it to the program, fund the  
 7 program to allow those victims to get their  
 8 compensation to get their relief and then  
 9 we'll fight whatever we have to fight in the  
 10 civil forfeiture proceeding. Fair enough?

11 ATTORNEY SMITH: Thank you, Your  
 12 Honor.


13 THE COURT: Thank you, everyone.  
 14 (Hearing Adjourned)

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