

January 2012 1

Dear Dad:

Please read the attached letter and information. I am hopeful that you truly just don't know how much cutting me, Scott, Milly, and Ted's family out of your will hurts us. If it has nothing to do with money. In fact, I think you need

to take care of Eliot, using a trustee,
first and foremost.

The act of disinheriting a child is
unheard of and unimaginable. It is
outrageous and considered psychologically
violent. I am hopeful you are not
aware of this and that you will
make the changes necessary.

Love,
Pam

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November 28, 2011

Ms. Pamela B. Simon
950 North Michigan Avenue
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Chicago, Illinois 60611

Dear Pam:

Please accept my apologies for my delay in sending you this letter. I had meant to send it to you soon after we spoke about my discussions with your parents' estate planning attorney, Robert Spallina. I know that it came as a shock when I told you that I was informed by Mr. Spallina that you, Ted and your respective family lines have not been provided for under your parents' estate plan and that your other three siblings have been provided for. Therefore, I thought that this follow-up letter was important.

As you may recall, I wrote to Mr. Spallina to request copies of your mother's Will, Trust and related financial information so that we could factor in a projected value of your remainder interest in your mother's Trust and analyze whether we should make any revisions to your and Scooter's estate plan in light of your mother's passing. We followed up with him after not receiving the requested information. In the end, I received an email from him in which he wrote "Please call me."

During my discussions with Mr. Spallina, he told me that you, Ted and your family lines were treated as "deceased" under your mother's trust because you and Ted were active in the businesses, and that each of you received a business as a gift from your parents. Mr. Spallina went on to say that your parents thought that they had adequately provided for you and Ted as a result of the gift of the business interests and that they wanted to provide for the other three children under their estate plan. I listened to what Mr. Spallina said. However, I knew based on our series of discussions over the years that, in fact, you did not receive any gift of a business interest from your parents.

So to Pam FREE

Following is my understanding of the circumstances under which you obtained your father's interest in S.T.P. Enterprises, Inc. ("STP"), which I understand can be supported by documentation:

- You and Scooter "stepped-in" and took over the running of Si's businesses (including SB Lexington, Cambridge Associates and others) following your father's open heart surgery at Northwestern in February of

*all
B/S*

1987, where he also contracted Hepatitis C and was told that he could no longer work full time. Following this, Si moved full time to Florida. He traveled to Israel later that year and contracted pneumonia.

- Upon reviewing the books, you and Scooter realized that Si's businesses were failing, an employee was stealing money and Si owed millions of dollars in unpaid bills and unpaid debt. In addition, you were receiving call after call from various banks asking for repayment.
- At that time, the ALPS was in its infancy. The promoter/agency was Cambridge Associates, owned 50% by Dov Kahana and 50% by Si with the positive arbitrage owned 25% by each of Cambridge, KGN, Bruce Nickerson and Scooter.
- In August 1988, Dov was exposed by you, and you and Scooter bought out Dov's 50% share for \$3,300/month for 3 years and re-formed STP to own and market the ALPS.
- The first ALPS funding was on October 25, 1988. Even though your father was not involved in the day-to-day operations of STP, and you and Scooter were buying out Dov, your father insisted on owning a 50% share in STP, with each of you and Scooter receiving a 25% share.
- To protect your reputation and save Si from bankruptcy, you and Scooter decided to work 7 days a week and to forgo receiving most of your share of the net income from the business for a number of years to turn Si's situation around. During this time, however, your father continued to receive his 50% share of the net income and had his debt re-financed and re-paid by STP.
- Ultimately you and Scooter were compelled to buy your father out because he was doing business in Florida on behalf of others in a manner that was jeopardizing the relationships that you and Scooter had made through your efforts. You and Scooter paid top dollar (\$6.5 million) to buy out your father's interest after the two of you had turned STP into a success. Although neither you nor Scooter thought that such a large sum was reasonable, you felt good knowing that it should take care of him and your mother for life.
- Just months after you purchased your father's interest in STP, you discovered that your father was doing business in direct competition with STP and utilizing STP information on his web page.

In addition, I recall based on our discussions that you and Scooter decided to help your parents by purchasing their Chicago condominium after they decided to move to St. Andrews. I understand that the two of you paid above full price with no

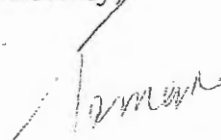
sales commission during a time when units were not selling at all, much less at full price. I also recall that the condo's furnishings were included in the purchase price even though your parents ultimately took an antique bench with them.

I do not see how either of these transactions with your parents could in any way be viewed as gifts that they made to you, and thus, justify their decision to cut you, Molly and future descendants of your family line out of receiving assets under their estate plan. I suggest that you talk this over with your father. Perhaps a review of the facts of the transactions will help his recollection about what actually occurred during the period when he was ill.

It is not the natural course to cut out certain family lines (Mr. Spallina agreed with me on this), and doing so could result in rifts between family lines for generations to come. I expect that this is not the type of legacy that your father would like to leave behind. In my experience, a child and that child's line are cut out only in extreme circumstances.

It is not too late for your father to change the current course. Since each of you, Ted, Lisa and Jill have your own independent wealth, perhaps at death your father could provide for your brother, Eliot, who is in need of financial assistance, and then divide the remainder of your parents' assets (after any debts, taxes and expenses) between the grandchildren so that each grandchild feels that he or she has been treated the same as his or her cousins. Obviously generation-skipping transfer ("GST") taxes would need to be considered, but under current tax law, potentially up to \$10 million could be transferred between your parents to the grandchildren's generation without triggering a GST tax.

Sincerely,



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