

IN THE CIRCUIT COURT OF THE 15th JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA

CIVIL DIVISION
CASE NO. 502009CA040800XXXXMBAG
Judge David F. Crow

JEFFREY EPSTEIN,

Plaintiff,

v.

SCOTT ROTHSTEIN, individually and
BRADLEY J. EDWARDS, individually,

Defendants.

**PLAINTIFF/COUNTER-DEFENDANT, JEFFREY EPSTEIN'S CASE MANAGEMENT
REPORT PURSUANT TO FLA. R. CIV. PRO. 1.201(b)**

The Plaintiff/Counter-Defendant, Jeffrey Epstein, by and through his undersigned counsel and pursuant to this Court's Order dated February 17, 2011, files his initial Case Management Report and would state as follows:

I. BRIEF FACTUAL STATEMENT

The Plaintiff seeks damages against the Defendants, Scott Rothstein and Bradley J. Edwards, based on the illegal Ponzi scheme in which the Defendants and others are alleged to have participated. The Plaintiff contends that the scheme involved marketing investments to outside investors in the lawsuits brought against the Plaintiff by a number of minor females who claimed to have been victims of sexual molestations by the Plaintiff. The Plaintiff has taken the deposition of one investor, Dean Kretschmar, who testified that Mr. Rothstein identified the Plaintiff as a target of at least one of the investments/Ponzi schemes. Mr. Kretschmar testified that he was able to view approximately 19 boxes of RRA's case files against Mr. Epstein, which included pleadings, police reports, newspaper articles. He was also shown the flight logs.

It also appears on another occasion, Mr. Rothstein showed boxes of the case files against Jeffrey Epstein to a lawyer named Michael Legamaro who was representing investors in the alleged Ponzi scheme.

The Plaintiff has alleged and claims that the Defendants and perhaps other former employees of RRA conspired to use the Epstein/LM litigation and claims by other alleged victims to lure investors into making approximately \$13,000,000 worth of investments into alleged settlements with Mr. Epstein. The Plaintiff contends that as a result of the efforts of Rothstein to market his investment scheme, steps were taken by Mr. Edwards and other members of his firm to utilize the pending cases against Mr. Epstein to advance the interest of the Ponzi scheme by taking actions outside the scope of what was reasonably necessary to prosecute the claims against Mr. Epstein, i.e. an abuse of process.

Edwards denies being a participant in any Ponzi scheme, civil theft or criminal enterprise. Moreover, Mr. Edwards claims that the real purpose of this lawsuit was to pressure Edwards and one of his clients LM in pending litigation. Edwards has claimed damage to his reputation, professional relationship and damages from this action.

Rothstein has not filed an answer.

II. LEGAL THEORIES

Epstein has plead claims for damages based on Florida's Civil Remedies for Criminal Practices Act against all Defendants, claims for damages based on Florida Rico Act against all Defendants, claims for damages for abuse of process against all Defendants.

Edwards has denied the allegations of Epstein's claim for damages and has further asserted a counterclaim for damages for injury to his reputation, interference with his professional relationship, loss of value of his time and the cost of defending this action.

III. LIKELIHOOD OF SETTLEMENT

It is unlikely that this case will settle in the foreseeable future.

IV. LIKELIHOOD OF APPEARANCE IN ACTION OF ADDITIONAL PARTIES

It is not possible to say at this time whether other parties will be added; however, it is clear that other members of the former RRA firm may have participated in assisting the Ponzi scheme. Until Epstein can obtain the discovery for which he has sought from the trustee and Edwards, it will not be possible to state with any degree of certainty whether other parties will be added to the action.

V. STATUS OF OUTSTANDING MATTERS

A. Special Master Proceedings

1. From the Plaintiff's response to Defendant's Motion for Summary Judgment, the court is familiar with the procedural history and the efforts of the Plaintiff to obtain records from the bankruptcy trustee and from Mr. Edwards to prepare a privilege log. That history will not be recited here. However, Judge Ray's last order required a privilege log be prepared and served prior to January 31, 2011. On January 26, 2011, Farmer Jaffe and Edwards served a "Privilege Log" which did not comport with any requirement of federal or state law for the preparation of a privilege log. A subsequent privilege log was filed which also did not comport with the requirements for the preparation of a privilege log. The special master ordered additional information be provided and set April 6, 2011 for a preliminary in-camera review. A copy of the Interim Report of Special Master is attached as Exhibit "1". Even though a number of documents have been produced for review by the Plaintiff, the Confidentiality Agreement requires the

Plaintiff to get approval from the special master before they are used in any deposition or court proceeding.

As can be seen by the recommendation of the special master, it is anticipated that once the preliminary in-camera review is concluded and obvious non-privilege matters are removed from consideration, it will be necessary to schedule evidentiary hearings on whether any of the claimed privilege documents still remain privileged or the privilege has been waived or subject to an exception. It is anticipated that those hearings will be briefed in advance of their scheduling. It is more likely that they will not be scheduled before May 2011.

2. Counsel for the investors who placed money into the Ponzi scheme, Conrad Scherer, served a subpoena that was substantially the same as Epstein's on the trustee. It was initially intended that they be part of the special master proceeding, and it is anticipated that they will. They have filed a Motion before Judge Ray, set for April 11, 2011.

3. Counsel for some of the alleged victim Plaintiffs in the underlying lawsuits against Mr. Epstein has also filed a limited notice of appearance and a motion for protective order relating to documents disclosed on the privilege log that are claimed to be protected by a "joint-defense privilege". It is anticipated that this counsel, Spencer Kuvin, will be participating in the special master proceedings.

B. Jurisdiction Issues Between the Bankruptcy Court and the Circuit Court
Since the records of former RRA are property of the bankruptcy trustee, the jurisdiction relating to the use of those records falls within the jurisdiction of the

bankruptcy court. Since the subpoenas on this case emanate from the Circuit Court, issues relating to the subpoena and the ultimate admissibility of the documents produced by the trustee belong within the jurisdiction of the Circuit Court. The problem that arises is that a party in the bankruptcy proceeding seeks the same records as Mr. Epstein. It was the intention of the bankruptcy court to have a special master resolve those issues as to both parties. The remaining issue will be which court, the Bankruptcy Court or the Circuit Court will rule on the recommendations or any objections to the recommendations of the special master. The Plaintiff believes that only one court should make that determination because if it were split among the courts with the state court ruling on the recommendations as to the state case and the bankruptcy court ruling on the same recommendations as it relates to the bankruptcy case, then there is the possibility for conflicting decisions as to whether a privilege exists or not, thus opening the door in one court for a party in another court to use what may have been determined to be privileged records. This is a matter without an easy resolution and it still needs to be resolved.

C. Additional Pending Records Request From the Trustee

The Bankruptcy Court's initial order granting Epstein's Motion to Compel also required the production of records from RRA's server and from Q-Task.

Judge Ray has entered an order of contempt, assessed fines, and fees against Q-Task for failure to follow orders of the bankruptcy court. It appears that the next step for Q-Task if they fail to comply will be subject to arrest and incarceration. It is not certain when they will produce the requested records, but it

is anticipated within the next three months. Q-Task has appealed, but Judge Ray's order has not been stayed.

It is anticipated that the RRA server records will be made available within the next two months; however, it is likely they will also be subject to privilege claims, the preparation of a privilege log, an in-camera hearing as with the earlier documents.

D. Contacts With Law Enforcement Records

The Plaintiff also subpoenaed records by and between RRA and certain law enforcement agencies during the prosecution of these civil claims. The trustee is prepared to produce those records and does not believe any privileges exist. However, there is a Motion for Protective Order claiming privileges, even though these law enforcement agencies are third parties, which is scheduled before this court for April 8, 2011. The Defendant seeks a Motion for Protection claiming the records are privileged and seeking the appointment of Robert Carney to be a special master so that a privilege log and in-camera inspection of these records may occur. If the court determines that a log and in-camera inspection is required, then the Plaintiff anticipates that based on past experience with the Defendant in preparing proper privilege logs, it could be several months before the log is actually prepared and in a form for an in-camera review and hearing on the claim for privileges.

E. Other Motions Scheduled

March 30, 2011: Edwards' Motion to Add Claim for Punitive Damages;

March 31, 2011: Edwards' Motion to Reconsider Judge Crow's Ruling
Denying Discovery Until Alleged Sexual Conduct

If this Motion is granted, it will substantially expand the discovery and issues relating to the case making it highly unlikely that this case will be ready for trial for at least another year.

April 1, 2011: Epstein's Motion to Compel Edwards to Answer Questions
at His Deposition and to Compel a Further Deposition;

April 5, 2011: Epstein's Motion to Compel Discovery From Edwards and
Whether the Privilege Claims Are Waived;

April 6, 2011: Preliminary In-Camera Review by the Special Master,
Judge Carney

April 8, 2011: Edwards' Motion for Protective Order Regarding Subpoena
for Law Enforcement Contacts With RRA;

VI. DISCOVERY DEPOSITIONS

A. Presently, two depositions of investors have occurred. It is anticipated that at least three more will occur. Part of the delay is getting records that Edwards claims are privileged.

B. It is difficult to determine how many more individuals will need to be disposed and a more likely estimate of that will occur after at least the initial rulings on the in-camera review take place. However, it is anticipated that at least three or four members of the former RRA firm will be deposed.

C. Amendment to Pleadings

The Plaintiff will amend his pleadings once the discovery of the RRA records is substantially concluded. Epstein has amended his pleadings to take out any possible argument that the issues of whether the Plaintiff actually was involved with these assaults is part of this case.

VII. THE PLAINTIFF'S PROPOSED TIME LIMITS

A. To join other parties and amend pleadings: 30 days after their production of the records from RRA that were subject of the first two Epstein subpoenas (investor contacts and law Enforcement contacts) and the production of the RRA server and Q-Task documents

B. To identify any non-parties: 30 days after the production of the records from RRA by the bankruptcy trustee/special master.

C. To file and hear motions: 60 days after the production of the records from RRA by the bankruptcy trustee/special master.

D. To disclose expert witnesses: 90 days after the production of records from RRA by the bankruptcy trustee/special master.

E. Scheduling of trial: Plaintiff request this not be considered until subsequent status conference after production of the records sought from the bankruptcy trustee has taken place.

F. Names of Attorneys Responsible for Handling the Action

- 1) Plaintiff, Jeffrey Epstein
Joseph L. Ackerman, Jr., Esq.
Christopher F. Knight, Esquire
- 2) Defendant, Bradley J. Edwards
Jack Scarola, Esq.

- 3) Defendant, Scott Rothstein
Marc Nurik, Esq.

G. Necessity for a Protective Order to Facilitate Discovery

Numerous Motions for Protective Order that have been filed by the Defendant, Edwards, has caused an unwarranted delay in this proceeding. It is likely that future protective orders will be filed, by the Plaintiff, particularly if issues of sexual conduct becomes a part of this case. At the present time, the Plaintiff is not aware of any protective order that can be entered to facilitate discovery.

H. Plaintiff's Proposal for the Formulation and Simplification of Issues/Timing of Motions for Summary Judgment and Partial Summary Judgment

Once this matter is set for trial, the deadline for Motions for Partial Summary Judgment or Summary Judgment would be 60 days prior to discovery cut off. Further, the Plaintiff submits that future Motions for Summary Judgment or Partial Summary Judgment should not be heard until the records from the bankruptcy trustee have been provided and are available for use in discovery and for deposition.

I. Possibility of Obtaining Admissions of Fact/Exchange of Documents and Stipulations Regarding Authenticity

At this point, it is difficult to say what the likelihood would be for obtaining admissions of fact and voluntarily exchange of documents and other evidence. To date, very little of this has been able to be accomplished.

J. Suggestions on Advisability and Timing of Magistrate, Special Master, Mediation

A special master has already been appointed by the bankruptcy court. The issue which needs to be resolved is which court will rule on the special master's recommendations and/or objections to his report without creating inconsistent rulings.

It is unlikely that mediation will be effective until the case is ready to be set for trial. Counsel for Edwards has previously stated that they have no interest in mediation.

K. Preliminary Estimate of Time Required for Trial

Plaintiff estimates that it will take 10-15 trial days for the entire case.

L. Description of Documents and List of Fact Witnesses

The parties have already, pursuant to an earlier court order submitted a list of documents and fact witnesses. Those exhibits and witness lists are incorporated herein by reference.

VIII. NUMBER OF EXPERTS AND FIELD OF EXPERTISE

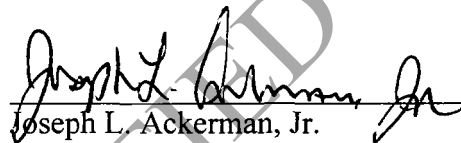
Unknown at this time for the Plaintiff. Defendant Edwards has previously stated that he anticipates calling two attorneys familiar with the standard of care and legal ethics, as well two attorneys on fees/damages. If the court allows the Defendant's damage claims to remain, it is anticipated that the Plaintiff will call the same number of rebuttal experts in the same fields.

IX. OTHER HELPFUL INFORMATION

None at this time.

I HEREBY CERTIFY that a true and correct copy of the foregoing was mailed this 25 day of March, 2011 to: Jack Alan Goldberger, Esq., Atterbury, Goldberger & Weiss, P.A., 250 Australian Avenue South, Suite 1400, West Palm Beach, FL 33401-5012; Marc S. Nurik, Esq., Law Offices of Marc S. Nurik, One East Broward Boulevard, Suite 700, Fort Lauderdale, FL 33301; and Jack Scarola, Esquire, Searcy Denney Scarola et al., 2139 Palm Beach Lakes Boulevard, P.O. Drawer 3626, West Palm Beach, FL 33409.

Respectfully submitted,



Joseph L. Ackerman, Jr.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION

IN RE:

ROTHSTEIN ROSENFELDT ADLER, P.A.

Debtor.

CASE NO. 09-34791-BKC-RBR

CHAPTER 11

**NOTICE OF FILING INTERIM REPORT
OF THE SPECIAL MASTER**

COMES NOW, counsel for Jeffrey Epstein, and at the request of the Special Master, Hon. Robert Carney, gives notice of the filing of the Interim Report of the Special Master.

Respectfully submitted,


Joseph L. Ackerman, Jr., EBN 235954
Ronald G. Neiwirth, EBN 152175
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on March 25, 2011, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or pro se parties identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

/s/ Joseph L. Ackerman, Jr.
Joseph L. Ackerman, Jr.



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION

IN RE:

ROTHSTEIN ROSENFELDT ADLER, P.A.

Debtor.

CASE NO. 09-34791-BKC-RBR

CHAPTER 11

INTERIM REPORT OF THE SPECIAL MASTER

Robert B. Carney, your Special Master, files this his Interim Report. The purpose of the Report is to keep the court advised regarding the progress made so far and to make some recommendations for future action.

The most recent Order of this court required the Defendants to produce a Privilege Log by January 31, 2011. While a Privilege Log was presented timely, Plaintiff objected that it was not in compliance with *TIG Ins. Corp. v. Johnson*, 799 So.2d 339 (Fla. 4th DCA 2001). The Parties met with your Special Master on February 16, 2011 and came to an agreement for production of a more TIG compliant Privilege Log. This second log was produced, and the Plaintiff again objected to its form. Again, the parties and the Special Master met, this time on March 15, 2011. At this second meeting, the Plaintiff requested that the Special Master recommend sanctions to and including a determination of a waiver of privilege.

As of this interim report a rather extensive list of documents has been pared from approximately twenty-eight thousand (28,000) pages to approximately sixteen hundred (1,600) entries on the privilege log, some of which have more than one page. All documents other than the sixteen hundred (1,600) have been released to the Plaintiff subject to confidentiality provisions. The remaining documents are emails, many of which have multiple recipients and include 'strings' of other emails. Your Special Master determined that the nature of the documents make very difficult the production of a Privilege Log for which there cannot be an objection raised. Continuing with production and objection was, in your Special Master's view, going to be counterproductive both in time and efficiency.

After discussion of this with the parties your Special Master has directed the following: 1. Defendant will produce to Plaintiff a master list of the names contained in the

privilege log describing who they are, and to be included on this list will be names and capacities of individuals who received copies or blind copies. This production shall be done not later than March 22, 2011. This will provide the Plaintiff with a better ability to determine if there is any third party disclosure. 2. On April 6, 2011, the parties will be present while your Special Master conducts an *in camera* inspection of the documents. The purpose of the *in camera* inspection is to cull the documents further and provide Plaintiff with further information regarding the specifics of the privilege asserted.

Following this *in camera* inspection, the parties will schedule an evidentiary hearing for a final resolution of the privilege issue with the Report of the Special Master to follow shortly thereafter.

Additional Recommendations

This matter came before this court because this court, through the trustee, had possession of the documents that Mr. Epstein sought in his state court action. Judge Crow, the state court judge has deferred to the procedures in place in the bankruptcy court while at the same time noting that he is not bound by the decisions of the bankruptcy court as it pertains to state court procedural and evidentiary rulings.

This leaves open the potential for conflicting court orders. While others before the bankruptcy court may have an interest in these documents, too, the fact remains that they are not party to the state court action, and Mr. Epstein is not party to any bankruptcy court action. Nor are they involved in any hearings before your Special Master. Mr. Epstein's rights derive solely as a result of his state court action, and Judge Crow is correct that he is, indeed, the presiding judge for procedural and evidentiary matters in that action.

My recommendations are as follows:

1. The parties approach Judge Crow regarding appointing your Special Master as a Special Master also in the state court action.
2. If Judge Crow agrees to such appointment, and if this court agrees, then the final report of the Special Master would be provided to both the bankruptcy judge and the state court judge, and objections, while presented to both, would be directed to Judge Crow. If there is an order adopting the Recommendations of the Special Master it would come from Judge Crow. Likewise if any objections are sustained, that order, too, would come from Judge Crow.

3. By taking this approach, the potential of conflicting orders is eliminated. Implementation of any order entered by Judge Crow regarding documents in the possession of the trustee would be by order of this court, which leaves this court properly in control of documents in its possession. At the same time, this procedure relieves this court of having to resolve state court evidentiary issues for which this court has no interest.

4. If both Judge Crow and Judge Ray are amenable to this procedure, then each court's Orders should be entered or amended accordingly.

The parties have agreed that Judge Crow needs to be involved in this process. As Plaintiff noted in a February 11, 2011, letter to your Special Master: "We do not object to Judge Crow being presented with your report and ruling on any objections to it, provided Judge Ray agrees." Likewise, the Defendant has repeatedly requested that Judge Crow be the one to rule on any objections or be the one to adopt the Recommendations of the Special Master.

Your Special Master makes this his recommendation since as of yet, the parties, while agreeing in principal, have not approached Your Honor to see if this court is amenable to that suggestion. If this recommendation does not itself provide that nudge, then perhaps this court can.

Respectfully submitted this 23 day of March, 2011.



ROBERT B. CARNEY, Special Master