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August 1, 2016

VIA ECF AND FACSIMILE (212) 952-2777

Honorable Shirley Werner Kornreich
Supreme Court of the State of New York
County of New York
60 Centre Street, Room 228
New York, New York 10007

Re: Michel Kadosh v. David Kadosh et al.
Index No. 651834/2010

Dear Justice Kornreich:

I am writing in response to the correspondence of Paul Sarkozi dated July 29, 2016. Counsel uses his letter as a misguided attempt to justify Michel Kadosh's bad faith attempt to unilaterally escape the Settlement Agreement.

The Court is well aware of the discussions which took place that led to the settlement on the record which was acknowledged by all parties. The issue was how much was to remain in escrow pending the Court's determination of the accounting. The sum of \$700,000 was agreed to by the parties as that represented more than what is in contention. The settlement provided for the parties to split the balance. The settlement and the settlement discussions **never** provided for each party to receive a certain amount of money with the balance to remain in escrow. To the contrary, it provided for a certain amount to remain in escrow with the balance to be split. Although we do not as of yet have the transcript, when provided, the transcript will confirm this.

The allegation that David made statements as to the amount of money in escrow is not my recollection. Michel Kadosh made his own informed decision in agreeing to settlement and it is beyond belief that he could have relied on statements David made to agree to settlement as David did not make such statements and Michel has such a complete disregard for anything said by David.

Notwithstanding that there is no basis to cancel the settlement, I notified Michel's counsel that David was willing to increase the amount of money that will remain in escrow and

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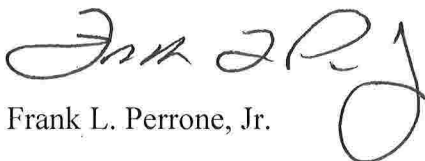
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be subject to the court's disposition to \$1,000,000.00. Incredibly, Michel is now demanding that unless David agrees to leave \$2,350,000.00 remaining in escrow, Michel will not comply with the settlement agreement. Michel's outrageous and unjustifiable demand is in no way consistent with the settlement. Instead, Michel's demand demonstrates that his request to withdraw from the settlement is not based on any purported misinformation or misunderstanding of the amount in escrow, rather it is based on nothing more than his "change of mind". At all times Michel Kadosh knew because the Receiver advised all parties how much was in escrow. He had the same bank statement we had. No matter how much is in escrow the determinative issue was how much to hold in escrow pending a Court determination. The parties' agreement to hold \$700,000 does not change the settlement or the potential exposure each party may have.

Based on the foregoing, we respectfully request that the court deny Michel's request for permission to withdraw from the July 21, 2016 settlement agreement. Michel's outrageous and unjustifiable demands unequivocally demonstrate that his motive to withdraw from the settlement agreement is not based on his feigned misunderstanding of the amount of money in escrow or concerned over money allegedly missing from escrow. Michel simply does not want to comply with the settlement agreement. There should be no further delay on this matter. We request the court set a date to finish the testimony of David Kadosh and proceed to the conclusion of this matter.

Since I first drafted this letter the Court has asked that all parties appear for a conference on Friday, August 5, 2016 at 10:00 a.m. I look forward to addressing this matter with the Court on Friday.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Frank L. Perrone, Jr.", with a large, stylized flourish at the end.

Frank L. Perrone, Jr.

FLP/mm

cc: Paul Sarkozi (Via Email: Sarkozi@thsh.com)