

**Taxpayers:** Leon Black and Debra Black (“Taxpayers”)  
**SSNs:** [REDACTED]  
**Tax Form:** 1040X  
**Tax Year:** 2011

### **Statement of Reasonable Cause for Failure to Timely File Forms 5471, 8865, 8858 and 8938**

Taxpayers, husband and wife, are voluntarily filing the attached Form 1040X (the “Amended Return”) for the sole purpose of filing Forms 5471, 8865, 8858 and 8938 (the “International Information Returns”) for 2011, under the Internal Revenue Service’s (the “IRS”) 2014 Delinquent International Information Return Submission Procedures. The Taxpayers have not been contacted by the IRS regarding the Amended Return or the International Information Returns and have a long history of being fully compliant taxpayers. The Taxpayers are not under civil examination or criminal investigation by the IRS.

This submission, pursuant to Treas. Reg. §§ 1.6038-2(k)(3) and 1.6038-3(k)(4), explains why the Taxpayers’ failure to file the International Information Returns with the original Form 1040 for 2011 (the “Original Return”) was due to reasonable cause and not willful neglect. The only change reflected in the Form 1040X filed today is the inclusion of the International Information Returns, and there is no change in taxable income reported by the Taxpayers, or in the tax liability owed by the Taxpayers, for 2011, which was timely paid. The Original Return, the Amended Return and the accompanying International Information Returns were prepared by the Taxpayers’ professional accountants at Raich Ende Malter & Co. LLP (“REM-Co”).

### **Background**

The Taxpayers own interests in a wide variety of entities related to Apollo Global Management, LLC (“Apollo”), the publicly traded alternative asset manager, through their interest in BRH Holdings, L.P. (EIN: 98-0541994) (“BRH” or the “Partnership”). Since the inception of BRH, employees of Apollo have assisted with the preparation of the tax returns of BRH as well as all but two of the other controlled foreign partnerships, controlled foreign corporations and foreign disregarded entities (the “Foreign Entities”) listed on the enclosed Exhibit A.

The Foreign Entities related to BRH, other than AP Professional Holdings LP, are also owned, in part, indirectly by Apollo. The appropriate Apollo entities timely and properly filed the Forms 8865 and 8858 with respect to these Foreign entities, but determined that Apollo did not need to provide the underlying information to the Taxpayers, or alert the Taxpayers that they might have similar filing requirements. Thus, the Schedule K-1 for 2011 from the Partnership, provided to the Taxpayers, included all items of taxable income and loss attributable to the Taxpayers’ interest in the Partnership, but did not indicate any obligation to file the International Information Returns with respect to BRH or the many other Foreign Entities held through BRH. In addition, the Foreign Entities related to BRH are indirectly or constructively owned, in whole or in part, by BRH, and the tax information of such Foreign Entities is not directly reported to the Taxpayers or their tax advisors, but instead is rolled into the tax reporting of BRH. As a result, neither the Taxpayers nor their professional accountants at REM-Co were aware that these filings were required and, in any case, they were not provided the information necessary to

properly complete the International Information Returns, making it impossible for the Taxpayers to timely file these informational returns. All income reported on the Schedules K-1 from the Partnership, and the two Foreign Entities not related to the Partnership (the “Non-BRH Related Entities”), was properly and timely reported to the IRS on the Original Return. A Form 8938 was timely filed by the Taxpayers with the Original Return and is being amended today to reflect the correct number of Forms 5471 and 8865 in Part IV required to be filed by the Taxpayers, as well as adding reporting on one additional Non-BRH Related Entity.

The Taxpayers were unaware of their obligation to file the International Information Returns until August 2016. At that time, the Taxpayers and their representatives were first informed by Apollo’s tax department that the Taxpayers likely had an obligation to file the International Information Returns with respect to BRH and the BRH related Foreign Entities. Upon learning this information, the Taxpayers immediately requested additional information from Apollo and Deloitte (Apollo’s tax advisor) and diligently reviewed the history and factual circumstances with their accountants and the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP. As a result of that review, it was determined that the Taxpayers were obligated to file the International Information Returns with respect to the Foreign Entities, including the Non-BRH Related Entities, for 2011, which the Taxpayers are now doing via the filing of the Amended Return.

The Taxpayers are neither accountants nor lawyers. Because the Taxpayers’ ownership arrangements related to the Partnership and other Foreign Entities are very complex, the Taxpayers have engaged and relied on experienced accountants to prepare their tax returns based upon the information and records provided to them, including by Apollo’s tax department, which is responsible for overseeing tax compliance and reporting for an extremely complex business enterprise, and Apollo’s tax advisors at Deloitte, which prepared the applicable Schedule K-1.

### **Basis for Reasonable Cause**

The Taxpayers have exercised ordinary business care and prudence by engaging and relying on experienced tax professionals in making a good faith effort to comply with an intricate set of information reporting rules relating to a complex business enterprise. When the Taxpayers signed and filed the Original Return, on the advice of their experienced tax advisors at REM-Co, the Taxpayers believed the Original Return was accurate and complete. In addition, the Taxpayers acted as promptly as practicable upon learning of the filing oversight to gather all relevant records and information from the Apollo tax department and provided such information to their tax advisors, resulting in the filing today of the Amended Return and the International Information Returns. As noted, the Taxpayers have a long history of being compliant taxpayers and compliant international tax filers, have filed international information returns in the past, including all required FBAR Statements, and have never been subject to tax penalties. The Taxpayers are not under a civil examination or a criminal investigation by the IRS. The IRS has not contacted the Taxpayers about any of the delinquent International Information Returns that are the subject of this submission. The Foreign Entities that are the subject of the International Information Returns were not engaged in tax evasion. The Taxpayers are voluntarily filing the Amended Return today to ensure that all International Information Returns for 2011 have been properly filed. Finally, Taxpayers also note that they have timely filed all required International Information Returns for the 2015 taxable period and will continue to ensure that all required

International Information Returns are properly and timely filed in future taxable periods.

**Conclusion**

Based on the above, the Taxpayers believe, in good faith, that reasonable cause exists for their failure to file the International Information Returns with respect to the Foreign Entities with the Original Return. Therefore, the Taxpayers respectfully request that the IRS exercise its discretionary, regulatory authority to grant reasonable cause relief and not assert any penalties under Section 6038 of the Internal Revenue Code of 1986 or Treas. Reg. §§ 1.6038-2(k)(1) or 1.6038-3(k)(3).

Under penalties of perjury, the Taxpayers declare that each of the statements and facts, to the best of their knowledge and belief, contained in this letter is true, correct and complete.

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Leon Black

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Debra Black

## 2011—EXHIBIT A

**FOREIGN ENTITIES****FORMS 8865**

BRH HOLDINGS, LP  
 APOLLO ADVISORS VI (EH) LP  
 APOLLO ADVISORS VI (APO FC) LP  
 AP PROFESSIONAL HOLDINGS LP  
 APOLLO PRINCIPAL HOLDINGS III LP  
 APOLLO PRINCIPAL HOLDINGS IV LP  
 APOLLO PRINCIPAL HOLDINGS VII LP  
 APOLLO PRINCIPAL HOLDINGS VIII LP  
 APOLLO PRINCIPAL HOLDINGS IX LP  
 APH HOLDINGS LP  
 APH HOLDINGS (FC) LP  
 APH HOLDINGS (DC) LP  
 AAA ASSOCIATES LP  
 APOLLO ADVISORS V (EH) LP  
 APOLLO CO-INVESTORS VI (EH-A), LLC (Non-BRH Related Entity)

**FORMS 8858**

APH HFA HOLDINGS LP  
 APOLLO EUROPE ADVISORS LP  
 AAA LIFE RECARRY LP  
 APOLLO ACHILLES CO-INVEST GP, LLC  
 APOLLO ANGUILLA B LLC  
 APOLLO ANRP ADVISORS (IH) LP  
 APOLLO ANRP CO-INVESTORS (IH-D) LP  
 AAA GUERNSEY LIMITED  
 ADIC LIFE ADVISORS LP  
 APOLLO CO-INVESTORS VII (NR EH-D) LP  
 APOLLO ANRP ADVISORS (IH-GP) LP  
 APOLLO SPN CAPITAL MANAGEMENT LLC  
 APOLLO CO-INVESTORS VI (EH-D) LP  
 APOLLO SOMA II ADVISORS LP  
 APOLLO STRATEGIC ADVISORS LP  
 APOLLO APC ADVISORS LP  
 APOLLO APC CAPITAL MANAGEMENT LLC  
 APOLLO SPN CAPITAL MANAGEMENT (APO FC-GP) LLC  
 APOLLO EUROPEAN CREDIT ADVISORS LP  
 APOLLO EUROPEAN STRATEGIC ADVISORS LP  
 APOLLO CO-INVESTORS VII (NR FC-D) LP  
 APOLLO CO-INVESTORS VII (FC-D) LP  
 APOLLO CO-INVESTORS VI (FC-D) LP

**FORMS 8858 (Continued)**

APOLLO ADVISORS VI (APO FC-GP) LLC  
APOLLO ADVISORS VII (APO FC-GP) LLC  
APOLLO EPF CO-INVESTORS (B) LP

**FORMS 5471**

AAA MIP LIMITED  
APH III (SUB I) LTD  
APOLLO ADMINISTRATION GP LTD  
APOLLO ADVISORS VI (EH-GP) LTD  
APOLLO ADVISORS VII (EH-GP) LTD  
APOLLO GSS GP LIMITED  
GREENHOUSE HOLDINGS LTD  
APH I (SUB I) LTD  
APH HFA HOLDINGS GP LTD  
APOLLO EPF CAPITAL MANAGEMENT LIMITED  
APOLLO LIFE ASSET LTD  
APOLLO ALST GENPAR LTD  
APOLLO GAUCHO GENPAR LTD  
APOLLO ATHLON GENPAR LTD  
CPI CAPITAL PARTNERS EUROPE GP LTD  
CPI CCP EU-T SCOTS GP LTD  
BRH HOLDINGS GP LTD

**FORM 8938**

JERUSALEM VENTURE PARTNERS, LLC (Non-BRH Related Entity)