

**Taxpayers:** Leon Black and Debra Black

**SSN:** \_\_\_\_\_

**Tax Form:** 1040X

**Tax Year:** 2011

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

Leon and Debra Black (the "Taxpayers"), are husband and wife, and are voluntarily filing the attached Form 1040X (the "Amended Return") for the sole purpose of filing Forms 5471, 8858, 8865 and 8938 (the "International Information Returns") for 2011. The Amended Return, along with the International Information Returns, are being voluntarily filed under the Internal Revenue Service's (the "IRS") 2014 Delinquent International Information Return Submission Procedures. This statement, pursuant to Treas. Reg. §§ 1.6038-2(k)(3) and 1.6038-3(k)(4), is intended to show that the 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. 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 are indirect owners of a wide variety of entities related to Apollo Global Management, LLC ("Apollo"), the publicly traded alternative asset manager, through their interest in BRH Holdings, [REDACTED] (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 Taxpayers were provided with a Schedule K-1 for 2011 from the Partnership that included all items of taxable income and loss attributable to the Taxpayers' interest in the Partnership. The Schedule K-1, however, 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, all of 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 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 did not receive the information required to properly complete the International Information Returns. All income reported on the ~~Schedule~~Schedules K-1 from the Partnership, and the two Foreign Entities not controlled by the Partnership (the "~~Non-Apollo~~Non-BRH Controlled Entities"), was properly and timely reported 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 Controlled Foreign Entity.

The Taxpayers remained unaware of their obligation to file the International Information Returns until August 2016. At such time the Taxpayers and their representatives were informed, for the first time, by the Partnership's tax department, that the Taxpayers likely had an obligation to file the International Information Returns with respect to BRH and the ~~other~~BRH controlled Foreign Entities ~~for 2011~~. Upon learning this information, the Taxpayers immediately requested additional information from the Partnership and diligently reviewed the history and factual circumstances with their accountants and other tax advisors. 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-Apollo~~Non-BRH Controlled Entities, for 2011, which the Taxpayers are now doing via the filing of Form 1040X today.

The Taxpayers are neither accountants nor lawyers, and 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 and other tax advisors to prepare their tax returns based upon the information and records provided to them. This includes information provided by the Partnership's tax department, which is responsible for overseeing tax compliance and reporting for an extremely complex business enterprise, as well as the Partnership's tax advisors at Deloitte who prepared the applicable Schedule K-1.

### **Basis for Reasonable Cause**

The Taxpayers believe they have exercised ordinary business care and prudence by engaging and relying on several 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, determine appropriate filing requirements with their tax advisors, and file Form 1040X with the International Information Returns. The Taxpayers have a long history of being compliant taxpayers 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 statement. The Foreign Entities that are the subject of the International Information Returns were not engaged in tax evasion. Taxpayers are voluntarily filing Form 1040X today in order to ensure that all International Information Returns for 2011 are 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 contained in this letter is, to the best of their knowledge and belief, true, correct and complete.

| \_\_\_\_\_  
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 Controlled 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 Controlled Entity)

<b>Summary report:</b>	
<b>Litéra® Change-Pro 7.5.0.176 Document comparison done on 1/3/2017 4:07:05 PM</b>	
<b>Style name:</b> PW Basic	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> iw://US/US1/10997753/8	
<b>Modified DMS:</b> iw://US/US1/10997753/9	
<b>Changes:</b>	
<b>Add</b>	17
<b>Delete</b>	7
<b>Move From</b>	0
<b>Move To</b>	0
<b>Table Insert</b>	0
<b>Table Delete</b>	0
<b>Table moves to</b>	0
<b>Table moves from</b>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>24</b>