

Taxpayers: Leon Black and Debra Black
SSN: _____
Tax Form: 1040X
Tax Year: 2009

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

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, and 8865 (the “International Information Returns”) for 2009. 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 2009 (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 2009. 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 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 2009 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, the Foreign Entities 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 K-1 from the Partnership was properly and timely reported on the Original Return.

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 Foreign Entities ~~for 2009~~. 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 for 2009, 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 Ernst & Young 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 2009 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

Debra Black

FOREIGN ENTITIES

FORMS 8865

BRH HOLDINGS, LP
APOLLO ADVISORS VI (EH) LP
APOLLO ADVISORS VI (APO FC) LP
APOLLO ADVISORS VII (EH) LP
APOLLO ADVISORS VII (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
AAA ASSOCIATES LP

FORMS 8858

APOLLO ANGUILLA B LLC
AAA LIFE RECARRY LP
AAA GUERNSEY LIMITED
APOLLO CO-INVESTORS VI (EH-D) LP
APOLLO SOMA II ADVISORS LP
APOLLO STRATEGIC ADVISORS LP
APOLLO CO-INVESTORS VII (FC-D) LP
APOLLO CO-INVESTORS VI (FC-D) LP
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 ADVISORS VI (EH-GP) LTD
APOLLO ADVISORS VII (EH-GP) LTD
GREENHOUSE HOLDINGS LTD
APH I (SUB I) LTD
APOLLO EPF CAPITAL MANAGEMENT LIMITED
APOLLO LIFE ASSET LTD
CPI CAPITAL PARTNERS EUROPE GP LTD
CPI CCP EU-T SCOTS GP LTD
BRH HOLDINGS GP LTD

Summary report: Litéra® Change-Pro 7.5.0.176 Document comparison done on 1/3/2017 3:50:42 PM	
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Intelligent Table Comparison: Active	
Original DMS: iw://US/US1/10997736/8	
Modified DMS: iw://US/US1/10997736/9	
Changes:	
Add	7
Delete	4
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	11