

**From:** "jeffrey E." <jeevacation@gmail.com>  
**To:** Brad Wechsler <[REDACTED]>  
**Subject:** Re: Re AP Investco  
**Date:** Thu, 04 Jun 2015 13:12:30 +0000

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Yes

On Thursday, June 4, 2015, Brad Wechsler <[REDACTED]> wrote:

I spoke to pw who echoed concerns abt leon opening brokerage accts in his name and simply giving me a power of attny (As you know there are potential LDB Apollo compliance issues and BJW registered investment advisor issues.)

1. Their preferred route is for leon to personally own and open the trading accts and designating elysium (who in turn designates me) as the person with trading authority. Leon wld be restricted in removing elysium without giving 65 days notice to have him comply with Apollo's trading rules. (The 65 day period is PW's # not Apollo's.)
2. We cld get all required papers to the bank very quickly.
3. Are we good to go?

Sent from my Verizon Wireless BlackBerry

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**From:** Ada Clapp <[REDACTED]>  
**Date:** Wed, 3 Jun 2015 14:20:06 +0000  
**To:** jeffrey E<jeevacation@gmail.com>; Brad Wechsler<[REDACTED]>  
**Subject:** RE: Re AP Investco

Jeffrey, Brad,

Paul, Weiss has advised that Brad may be deemed to be an investment advisor, requiring registration, if he manages Leon's funds for compensation, unless the arrangement falls within an exception. While, under the arrangement Jeffrey suggests, Brad will not receive any compensation specifically under the power of attorney, there is a concern that part of Brad's compensation from Elysium might be imputed to his efforts under the power of attorney. If that were to occur, the RIA rules would apply, and there would be no exception. Further, if Leon has the power to revoke the power of attorney at any time, without notice, it is not clear that we fall outside the Apollo trading policy. The solution I outlined earlier today—using a relatively simple investment advisory agreement with Elysium – is designed to deal with both concerns.

Please let me know how you wish to proceed.

-Ada

**From:** jeffrey E. [mailto:jeevacation@gmail.com]  
**Sent:** Wednesday, June 03, 2015 9:37 AM  
**To:** Ada Clapp  
**Subject:** Re: Re AP Investco

no

On Wed, Jun 3, 2015 at 9:18 AM, Ada Clapp <[REDACTED]> wrote:

Jeffrey—

If we have Leon open the accounts and give Brad a power of attorney we risk Brad having to register as an investment advisor. An alternative closer to this arrangement that would take advantage of the family office exception is for Leon to open the trading accounts and then enter into an investment advisory agreement with Elysium. Brad as CEO of Elysium could handle investments.

Do you agree with this approach?

**Ada Clapp**

Chief Legal Officer

Elysium Management LLC

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**From:** jeffrey E. [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]

**Sent:** Tuesday, June 02, 2015 7:18 PM

**To:** Ada Clapp; Brad Wechsler; Melanie Spinella

**Subject:** Re: Re AP Investco

i think brad should trade under a poa limited to trading leons personal account .. and get it done

On Tue, Jun 2, 2015 at 6:25 PM, Ada Clapp <[REDACTED]> wrote:

Jeffrey,

Brad and I have spoken a bit more about the discretionary trading. There seems to be two approaches. In both cases, Brad would no longer be a Managing Director of Elysium but would become an officer (CEO):

**Approach 1:** Elysium's CEO would be given authority to invest Elysium's assets. Elysium's LLC agreement would be amended to provide that LDB can't remove the CEO without 65 days-notice. LDB (sole member/managing director) contributes cash to Elysium and Elysium sets up trading accounts.

**Approach 2:** Elysium is sole member of Investco and funds it with cash that LDB would contribute to Elysium. Investco would set up the trading accounts. Brad would be the Manager of Investco.

Investco's LLC agreement would provide that Brad can only be removed by Elysium upon 65 days-notice.

The family office exception should apply with either approach because the investing entity is controlled by LDB (either directly or as the managing director of Elysium) and is managing only family member money. Apollo's personal trading restrictions can be satisfied by having the CEO of Elysium, or the Manager of Investco provide Apollo quarterly certification it requested.

I am copying Alan to confirm my understanding of our earlier discussion as outlined above. If I am correct, which approach do you prefer?

-Ada

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**From:** Brad Wechsler  
**Sent:** Tuesday, June 02, 2015 2:02 PM  
**To:** Ada Clapp  
**Cc:** Richard Joslin; Jeffrey Epstein; Alan S. Halperin  
**Subject:** Re AP Investco

Ada-

1. I assume leon owns 100% of elysium?
2. Its ok to remove me as a member (managing director) of elysium but instead have leon delegate authority to me for managing, signing, etc. I'd leave my title or change it if u want to the more conventional "ceo" if that means anything.
3. Critical point is that this comports with jeffrey's desires/goals for tax reporting.
4. If it doesn't, can ldb just give me a poa without compliance or ria issues. Hasnt rowan's and harris' offices figured this out?

Sent from my Verizon Wireless BlackBerry

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**From:** Ada Clapp <[REDACTED]>

**Date:** Tue, 2 Jun 2015 15:59:59 +0000

**To:** Brad Wechsler <[REDACTED]>

**Cc:** Richard Joslin <[REDACTED]>

**Subject:** AP Investco

Brad,

I spoke this morning with Alan and Marco Masotti Head of Paul Weiss's Private Investment Funds group and Philip Heimowitz, counsel who specializes in 34 Act and 40 Act issues, including the family office exception. They propose the following tweaks to the arrangement we discussed:

1. Elysium Management LLC, rather than Leon should be the sole member of AP Investco. Phil feels that Investco should be a wholly owned subsidiary of the family office in order to ensure that the arrangement falls within the FO exception.
2. To improve the optics for the FO exception (which requires that the FO be controlled by family members), you would be removed as a Managing Director of Elysium and instead be appointed as an officer with day-to-day operating authority. Leon would be the sole Member and Managing Director.
3. Elysium—as sole Member of Investco, would be able to remove the Manager of Investco only upon 65 days notice. This is to ensure that Leon is not viewed as the beneficial owner of the securities being traded by Investco. They are concerned that this will be the case if Elysium could immediately remove a manager and in that way, control trading. The 65 days comes from practice in this area.

Please let me know if you are comfortable with these changes. If so, Alan will go ahead and draft a very simple LLC agreement as well as the documentation need to accomplish 2 above.

**Ada Clapp**

Chief Legal Officer

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