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To: Brad Wechsler <[REDACTED]>, "Barry J. Cohen" <[REDACTED]>, Melanie Spinella <[REDACTED]>

Subject: to give you three and idea of the new world.

Date: Sun, 25 Feb 2018 14:02:02 +0000

Barry Brad Leon. - . this is why I am so focused on minutae. the attached relates to a new client.

initial IDRs issued in connection with the commencement of the examination

1. Provide copies of all original and amended returns for the year under examination, the prior year and the current year if filed or when filed
2. Reconcile all adjustments to all original and amended returns and explain each adjustment
3. Identify all sources of your income, including who paid it and how it was paid
4. Identify all of your assets, tangible or intangible, owned directly or indirectly, inside and outside the United States
5. Identify all liabilities owed, directly or indirectly, by you or any entity you controlled, inside and outside the United States
6. Indicate any properties that you directly or indirectly leased or rented
7. Provide the full name, taxpayer identification number (TIN), classification for U.S. tax purposes (*e.g.*, C corporation, S corporation, disregarded entity or trust), your position title and describe your responsibilities for or relationship with a U.S. or foreign entity of which you:
 - a. owned at least a 20 percent, direct or indirect, capital interest, including hybrid instruments convertible to 20 percent or more capital ownership;
 - b. had a 20 percent or more interest in profits/losses;
 - c. were a trustee or acted in a fiduciary capacity;
 - d. were a grantor or beneficiary;
 - e. had a nominee acting in your capacity or on your behalf;
 - f. were on the Board of Directors;
 - g. were an Officer or had signatory authority over funds and accounts controlled by the entity;
 - h. were a surety for guaranteed debt or other liabilities.
8. For any entity referenced above, from the inception of the entity to the present, provide:

- a. identification of each and every current and former officer, trustee and manager;
- b. minutes, resolutions and records regarding the appointment, resignation or termination of all officers, trustees and managers;
- c. records regarding all assets transferred into or from the entity;
- d. records regarding the ownership of all certificates of beneficial interest;
- e. a statement explaining the purpose for operating the business activity inside this type of entity together with the reason this entity was created, tax benefits explained to you regarding the operation of the business activity within this type of entity, who assisted you in forming the entity, fees charged with respect to the formation of the entity;
- f. bank statements, deposit slips, debit/credit memos and cancelled checks for all financial accounts, U.S. and foreign;
- g. records to establish the basis of all assets held by the entity including invoices, purchase agreements and the names and addresses of persons who transferred property to the entity;
- h. records for sales or other transfers from the entity; i. copies of any contracts for business services to be rendered by the entity.

9. Provide complete copies of all financial statements

and method of accounting used to compile them, net worth computations or other financial data probative of your assets, liabilities, net worth, income and losses, and cash flows from all sources, within and without the United States, including all underlying documents and any exhibits associated therewith, and if not apparent, please identify the preparer of such documents

10. Identify all assets transferred and/or sold to your children or other relatives

11. Identify all assets transferred or sold to a charitable organization or foundation and provide TIN and legal name of entity and describe your role or position with such entity

12. Provide complete copies of the tax preparation workpapers, including adjusting trial balances, tax mappings and closing adjustments used to prepare your return

13. Identify any asset transferred and/or sold utilizing estate planning to reduce potential estate tax

obligations, including Family Limited Partnerships (FLPs), Living Trust Agreements, Grantor Retained Annuity Trusts (GRATs), Private Foundations (PFs), Community Foundations (CFs), Donor Advised Funds (DAFs), Qualified Personal Residence Trusts (QPRTs), Charitable Remainder Trusts (CRATs) and/or Intentionally Defective Grantor Trusts (IDGTs)

14. Provide complete copies of any audited financial statements, including applicable exhibits and/or footnotes, for any entity referenced above

15. Provide copies of all organizational charts (including all tax organizational charts) of any related entity or for any entity referenced above

16. For any partnership referenced above:

- a. provide copies of all organizational documents,
including but not limited to, the partnership agreements, and all amendments, modifications, supplemental agreements, operating agreements, by-laws, side letters and side pocket agreements;
- b. describe all of your reasons and/or objectives for entering into the partnership;
- c. describe the business/investment model for the partnership's activities;

d. describe the background pertaining to the formation of the partnership.

17. Provide copies of all tax opinions received impacting any return under examination

18. Detail any fees you paid with regard to tax or estate planning including the amount paid, provider who received the fee, description of the planning that was done for the fee, whether a confidentiality agreement was signed and copies of any marketing materials received with regard to the planning

19. Indicate whether you had an interest or signatory authority over a foreign financial account with assets in excess of \$10,000 and provide copies of FBARs

20. Provide a copy of the annual brokerage account statements for each brokerage account you held

21. Describe any securities lending agreements you entered, exited or were engaged in and provide a copy

22. Provide copies of all information filed for any disclosures to the IRS regarding any off shore or cross-border transactions and/or accounts. If no disclosures were required, provide an affirmative statement to that effect and the reason that no

disclosure was required

23. Describe any off shore or cross-border financial trans-

action you treated differently for tax purposes in the United States than you treated in a foreign taxing jurisdiction

24. For any assets (tangible or intangible) you sold or transferred from the United States to any foreign person or entity or *vice versa*, indicate each asset sold or transferred, indicate the value at the time of sale or transfer and describe how the value was determined. Provide copies of any appraisal or reports received that indicate how the value was determined

25. For each of the following investments held directly or indirectly, describe the investment, provide the name of the financial institution and account where the investment was held and provide copies of all documents received regarding the investment:

a. Financial derivatives

b. Notional principal contracts, swaps, swaptions c. Prepaid forward contracts, hedge funds

d. Private equity funds

e. Foreign partnerships, foreign limited liability

companies, foreign corporations or other foreign

entities

f. Real Estate Investment Trusts (REITs)

g. Real Estate Mortgage Investment Conduits

(REMICs)

h. Financial Asset Securitization Trusts (FASITs)

i. Other collateralized debt obligations (CDOs,

including any pay-through bonds)

j. U.S. or foreign distressed assets or nonperforming

loans

k. Securities reported as worthless

l. Debt reported as a loss on your return m. Gains or losses from foreign currency n. Code Sec. 1256 contracts

o. Debt instruments with OID

26. For each hedge fund or private equity fund investment identified above:

a. provide Schedules K-1 received from each investment;

- b. provide the name and TIN for each entity in which you were a general partner, managing partner or Tax Matters Partner;
- c. if a party to a deferred compensation arrangement with such an entity, provide a copy of the deferred compensation agreement;
- d. provide the name and TIN for each foreign hedge fund in which you owned an interest directly, indirectly or through a nominee.

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please note

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