

From: Richard Joslin [REDACTED]
To: Jeffrey Epstein <jeevacation@gmail.com>

Subject: RE: FW: BFP 12/31/2012

Date: Thu, 20 Mar 2014 17:41:12 +0000

Inline-Images: image001.png; image002.png; image003.png; image004.png; image005.jpg; image006.jpg

For non-Apollo partnerships, partnerships are stated as cumulative cash contributed less cash distributed (ignores items of taxable income/ expense that increases/ decreases basis)

For Apollo partnerships, it is 2007 book up adjusted for subsequent cash contributed less cash distributed (ignores items of taxable income/ expense that increases/ decreases basis)

On BFP financials, underlying partnership taxable income is lumped into a single account.

So the amounts showing for each investment are neither GAAP value nor tax basis. It is absolutely meaningless. Rich D and I are re-booking to GAAP where we have and booking up where we only have tax basis to an estimated FMV.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]

Sent: Thursday, March 20, 2014 11:03 AM

To: Richard Joslin

Subject: Re: FW: BFP 12/31/2012

has he explained the negative asset notation

On Thu, Mar 20, 2014 at 7:32 AM, Richard Joslin [REDACTED] wrote:

There are screenshots below. In a nutshell, REM (Toms firm) summarizes all K-1 activity on excel spreadsheet. It does not tie into the tax return.

Non Apollo partnership K-1 capital account 12/31/2012 - Total \$167MM. Tax return balance sheet shows \$145MM. Assets listed on excel summary not listed on tax return balance sheet. Assets on tax return balance sheet not listed on excel spreadsheet.

There was a book-up in 2007 for Apollo entities – LBF Holdings shown at \$851MM 12/31/2012. Aggregate K-1 12/31/2012 capital account per K-1 is \$234MM; per tax return balance sheet \$993MM. Some of the K-1's show tax basis capital vs GAAP (FMV) capital.

Point of this is to get financial statements to have a value that is meaningful, eg GAAP and report consistently going forward. Tom's financial's are a hodgepodge of 2007 book-up and adjusted only by taxable income 2008 to present and some partnerships valued possibly at GAAP

Other "factually challenged" items to follow

From: Richard Joslin

Sent: Thursday, March 20, 2014 8:57 AM

To: 'Thomas Turrin'; 'Abel Goce'

Cc: Richard D'Agostino; 'Abel Goce'

Subject: RE: BFP 12/31/2012

I think the answer is that there is no correlation between the Sch L (Quickbooks) balance sheet and the excel s/s that summarizes K-1 investments

Can you explain why there are partnerships listed on K-1 summary that are not on Sch L (Quickbooks) - Millenium USA LP

There are entities listed on Sch L (Quickbooks) for which there are no K-1's listed on excel s/s AP SHL Investors – this appears not to be owned by BFP but is owned by LDB; Globe Opp Finc Srvc.

Can you track down the original inception values of the LP's (provided to you by us from valuations at inception). The LBF value of \$851,690,121 stands out.

I have not spent any time looking at the history.

Thanks

From: Richard Joslin

Sent: Wednesday, March 19, 2014 12:34 PM

To: 'Thomas Turrin'; Abel Goce

Cc: Richard D'Agostino; Abel Goce

Subject: RE: BFP 12/31/2012

Is there a s/s that ties into the 1065 pro forma balance sheet amount? The excel s/s I have does not tie out to Sch L. Please advise?

From: Thomas Turrin [REDACTED]

Sent: Wednesday, March 19, 2014 12:31 PM

To: Richard Joslin; Abel Goce

Cc: Richard D'Agostino; Abel Goce

Subject: RE: BFP 12/31/2012

Rich,

The carrying value of investments in Apollo entities shown on the pro-forma tax returns are derived from the original inception values of the LP's (provided to us by client from valuations at inception). We booked the opening values in G/L at inception ...initial "book" values. We booked the annual net K-1 changes in total (all LP's) in accts 2702-10 and 2703-10.

The non-Apollo investment carrying values were based on original cost and were adjusted for tax items as per K-1's and were adjusted through one account (2130.01).

We did not make overall adjustments in BFP, LP G/L for changes in estimated current year-end market values.

Best,

Tom

THOMAS TURRIN, CPA
Partner
Raich Ende Malter & Co. LLP
1375 Broadway
New York, New York 10018

From: Richard Joslin [REDACTED]
Sent: Tuesday, March 18, 2014 10:34 AM
To: Thomas Turrin; Abel Goce
Cc: Richard D'Agostino
Subject: BFP 12/31/2012

I am looking at the files posted to the portal and in particular the file that summarize K-1 activity. Sch L has investments (Apollo) \$993,724,702. The REM spreadsheet shows \$234,172,166. Is there a s/s that ties into the 1065 pro forma balance sheet amount?

Same question for non-Apollo investments - \$Sch L \$145,546,984 vs REM s/s \$167,115,711

Three screenshots below

cid:image001.png@01CF42D0.A9E28820

cid:image002.png@01CF42D0.A9E28820

cid:image003.png@01CF42D0.A9E28820



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