

**From:** Stephen Hanson <[REDACTED]>  
**To:** Jeffrey / E / Epstein <jeevacation@gmail.com>  
**Subject:** Fwd: LHO Revised Draft  
**Date:** Sat, 03 Jun 2017 11:59:03 +0000

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This is in regards to asking about the 1.7mm now affiliated loan which had been listed as non Affiliated  
Next e. My first set of questions to david

Sent from my iPad

Begin forwarded message:

**From:** Stephen Hanson <[REDACTED]>  
**Date:** June 3, 2017 at 7:57:25 AM EDT  
**To:** David Mitchell <[REDACTED]>  
**Cc:** Stacy Gilbert <[REDACTED]>, "Howard Muchnick, Esq. ([REDACTED])" <[REDACTED]>, Mirium / howie muchnick <[REDACTED]>, Shanson900 <[REDACTED]>  
**Subject:** Re: LHO Revised Draft

But it was not in reference to the 2mm you stated below  
When will you send the first requested info I have been emailing you regarding

Sent from my iPad

On Jun 3, 2017, at 7:16 AM, David Mitchell <[REDACTED]> wrote:

Our investor note was in offering in the fall of 2016

.....  
**DAVID MITCHELL**  
.....  
Mitchell Holdings LLC  
801 Madison Avenue  
New York NY 10065  
USA  
[REDACTED]  
[REDACTED]

On Jun 3, 2017, at 7:05 AM, Stephen Hanson <[REDACTED]> wrote:

David. The statement is from 12/31. We did not issue the 2 mm request prior to 12/31  
And unless the accountant is a complete idiot the recorded amount is not 2 mm actual  
So the below 2mm is a different issue  
Next issue  
It's 6/3. We are working off 12/31/16 docs. How is this 6 months late

Sent from my iPad

On Jun 2, 2017, at 6:28 PM, David Mitchell <[REDACTED]> wrote:

The members note is the \$2,000,000 was offered to all LLC members first  
As LLC investors you got it and you also chose not to participate  
Do you need copy of it again,

The TIC question I will investigate what is needed

.....

**DAVID MITCHELL**

.....

Mitchell Holdings LLC  
801 Madison Avenue  
New York NY 10065  
USA

On Jun 2, 2017, at 5:43 PM, Stephen Hanson <[REDACTED]> wrote:

David  
We need the correct answer asap

Sent from my iPad

On Jun 2, 2017, at 5:40 PM, Stacy Gilbert <[REDACTED]> wrote:

I took a quick look. They made a lot of the changes to the financial statement that I had questioned. Apparently they realized that certain things were incorrect. As far as the receivable from the TIC owners, which they are now saying is an Affiliated party, the accountant said they are they are "still awaiting further information" so we still have the same questions. The other question that was not really answered is who the \$2 million loan was from. They just said a "member" loan. Most other changes were more accounting type issues and you can see their answers next to each of my questions.

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**From:** Shanson900 [mailto:[REDACTED]]

**Sent:** June 02, 2017 4:44 PM

**To:** Stacy Gilbert <[REDACTED]>

**Cc:** Howard Muchnick, Esq. ([REDACTED]) <[REDACTED]>; Mirium / howie muchnick <[REDACTED]>

**Subject:** Re: LHO Revised Draft

Stacy. Howie will bring all with him  
Stacy if you can review and advise us  
As I'm meeting howie sat am to review

Sent from my iPhone

On Jun 2, 2017, at 4:31 PM, Stacy Gilbert <[REDACTED]> wrote:

Just received the attached and the below but have not reviewed yet. I am leaving the office shortly.

 [Citricooperman](#)

**STACY GILBERT, CPA**  
Partner



AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS



Any conclusions reached in this e-mail or any of its attachments are based on stated facts and current tax law. Any change in facts or current tax law can have a significant impact on the conclusions reached.

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**From:** Dennis Burbridge [[mailto:\[REDACTED\]](mailto:[REDACTED])]  
**Sent:** June 02, 2017 4:18 PM  
**To:** Stacy Gilbert <[REDACTED]>  
**Cc:** Sam Spitz <[REDACTED]>; 'David Mitchell ([REDACTED])' <[REDACTED]>  
**Subject:** LHO Revised Draft

Stacy –

Attached please find a revised draft for LHO along with responses to your queries in black below.

We can speak further next week. Have a great weekend.

Dennis

- How does the contribution of property on the Statement of Changes in Members' Equity reconcile to Note 11?
  - See revision of draft
- Note 10 reflects \$1,356,478 borrowed on the Building loan and the Project loan but the Statement of Cash Flows has \$1,106,478 as proceeds. What accounts for the \$250k difference?
  - See revision of draft
- Are there any noncash items that should be reflected on the Statement of Cash Flows? I would have thought the contribution of property would have been on there but are there any other items?
  - See Note 16
- Some notes refer to sale of food and beverage but I thought the restaurant wasn't opened yet. Is that correct?
  - Correct, the restaurant was not open; however, during the course of initially establishing the entity's accounting policies, food and beverage sales were addressed and made it into the notes.

We have removed to eliminate any confusion on behalf of the reader.

- With regards to the penalties and interest on the late payment/filing of the hotel occupancy tax, is GAM responsible for that?
  - Yes, under the terms of the management contract with GAM, GAM is liable, however any assessment of underpayment, interest and/or penalty by the taxing authority will be against the LLC, and possibly it's members, as they are the registered and authorized collection agent.
- The note on intangibles refers to organization and start-up costs but I believe these should be expensed for GAAP purposes. Does the balance sheet include these costs? Perhaps there aren't any.
  - Correct, similar to the food and beverage above
- Note 6 refers to an "Unaffiliated party receivable" of \$1,788,815. Can you provide more details as to who this is a receivable from and the nature/reason of the loan? Are there terms for repayment? What is the current balance?
  - This is related to TIC transfer and still awaiting further information
- You know more about the loan costs than I do but out of curiosity did you consider ASU 2015-03 where the costs are netted against the loan? Just a presentation issue that the bank may be aware of.
  - Upon technical quality review as to debt issuance costs defined, we concur and have changed the presentation.
- To whom is the Accrued Developer Fee owed to as referred to in Note 9?
  - The accrued developer fee is owed to David Mitchell, an investor in a member entity.
- To whom is the \$2,000,000 loan owed as referred to in Note 16?
  - As disclosed in Note 16, the \$2,000,000 loan is a subordinated *member* loan.

Dennis Burbridge CPA

[REDACTED]

<image001.jpg>

[REDACTED]

**16 Village Court  
Hazlet, NJ 07730**

[REDACTED]

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<LHO LLC DRAFT FS 12.31.16 dtd 6.2.17.pdf>