

From: "Barry J. Cohen" <[REDACTED]>
To: "[REDACTED]" <[REDACTED]>
CC: Jeffrey Epstein <jeevacation@gmail.com>, Tom Turrin <[REDACTED]>, Leon Black <[REDACTED]>
Subject: Re: 2012--PRIVILEGED AND CONFIDENTIAL
Date: Sun, 30 Apr 2017 18:58:38 +0000

Agree on not giving APO our notice. But is it ok to give them our \$884K number?

Sent from my iPhone

On Apr 30, 2017, at 2:32 PM, "[REDACTED]" <[REDACTED]> wrote:

Barry-i don't think we need to give APO our # (or, certainly not the full 2nd notice). All we need is, for example, josh h's number and know his and leon's relative ownership % of brh in 2012 and the math is simple. I really think the obvious next step is for jeffrey and tom to speak and for tom to reach out to the irs again. If that doesn't work, as you say, I think the tax guys--and jeffrey in partic--shld architect the nature of the response. I'll get the answer tomorrow from EY on [REDACTED] question on the potentially prejudicial nature of acknowledging a mistake.

Sent from my Verizon Wireless BlackBerry

From: "Barry J. Cohen" <[REDACTED]>
Date: Sun, 30 Apr 2017 17:31:57 +0000
To: [REDACTED] <[REDACTED]>; Jeffrey Epstein<jeevacation@gmail.com>; Tom Turrin<[REDACTED]>
Cc: Leon Black<[REDACTED]>
Subject: RE: 2012--PRIVILEGED AND CONFIDENTIAL

Here are my observations:

1. The first IRS letter references a "review" of BRH, but doesn't suggest that there will be changes to the BRH K-1 items. In fact, it implies the opposite. The letter points to the K-1 it thinks we should have used (not reflecting any changes from the original). It asks what K-1 LDB used because it can't find the BRH K-1 or its exact numbers on LDB's return.
2. The second IRS letter almost suggests the opposite. It is in effect saying that the original K-1 is wrong. P. 9 of the pdf indicates an adjustment of \$884,006, referencing 98-054199, which is BRH's TIN; not to mention the p. 10 footnote which mentions BRH.
3. I'm not sure how the IRS traces this number to the LDB return, as the BRH K-1 was issued to BFP, and was not attached to LDB's return. LDB's 2012 return references a few items from BRH "via Black Family Partners," so maybe the IRS assumes that LDB pays taxes attributable to BRH.
4. The IRS seems to be pointing out 2 different problems in its respective letters: (a) How does BRH income/loss/expense flow to LDB's return, and (b) The original BRH numbers were wrong, and have been changed by the IRS. In other words, the first letter implicitly asks us to trace specifically mentioned BRH K-1 numbers to LDB's return, which the second letter is saying are wrong and have been changed.

I want to say that the second letter obviates the need to respond to the first, because the second letter is says the first letter's numbers are wrong. However, the letters are simply inconsistent. It would have been very easy for the IRS to withdraw the initial request or issue a clarification, but it did not do that. Assuming the agent continues to refuse to return our calls, I defer to the tax experts re whether "under-responding" to the first letter creates undue risk of a 9-figure assessment vs. having them come back to us to request more info.

I agree with Brad that it would be good to have Apollo acknowledge that the \$884,006 corresponds to their new understanding of the implicitly revised BRH K-1. To do that, I have to tell them this number. Is that ok?

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]]

Sent: Sunday, April 30, 2017 11:33 AM

To: Jeffrey Epstein <jeevacation@gmail.com>; Tom Turrin <[REDACTED]>; Barry J. Cohen <[REDACTED]>

Cc: Leon Black <[REDACTED]>

Subject:

Guys-can I just mention and confirm some things:

1. As an fyi, but as I believe you know, RJ is pulling together the back-up and presentation on the other items of BRH income highlighted in the original IRS notice this week end. Hopefully we will not have to submit.
2. As we all know I aint no tax guy but I read the assessment letter very carefully and my "uninformed" view is exactly tom and jeffrey's first reaction (which may or may not have changed), ie, that the IRS found/acknowledges 378,805,695 of what they believe should be 379,707,381 or a delta of 884,006. (They also found a delta of 17,680 in itemized deductions.) Definitionally, these numbers have to include BRH numbers and as jeffrey said to me, they answered the question they posed in the initial notice.
3. In that context, my personal view is that tom tries to reach out by phone monday (after he and jeffrey touch base today or tomorrow morn to coordinate) to confirm that the 360k assessment is the show stopper.
4. On a parallel basis, I'd have jeffrey and tom edit the "alternate response letter" which, again, would set out our belief that the "assessment" ends this process, at least for 2012. If we don't hear back from the agent then we should submit in writing our understanding of the notice and assessment.
5. As an aside, if leon's brh assessment is 884,006 it wld be nice to see if that foots with the overall assessment to the other BRH partners and cross-check to ownership %'s; although at the end of the day I'm not certain that's critical. Thgts? I'm reachable by email or cell phone. Best, b Sent from my Verizon Wireless BlackBerry