



Department of the Treasury
Internal Revenue Service
PO BOX 409105
Ogden UT 84401

FINANCIAL TRUST COMPANY INC
% PAUL HOFFMAN
6100 RED HOOK QTRS STE B3
ST THOMAS VI 00802-1348

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

RECEIVED
DEC 21 2010
Financial Trust Co.



Department of the Treasury
Internal Revenue Service
PO BOX 409105
Ogden, UT 84401

Mail Stop: 4520
Date: December 20, 2010

FINANCIAL TRUST COMPANY INC
% PAUL HOFFMAN
6100 RED HOOK QTRS STE B3
ST THOMAS VI 00802-1348

Taxpayer Identification Number:
66-0567418
Tax Year(s): 2007
Person to Contact:
Ms. Jasman
Contact Identification Number:
0728034
Contact Telephone Number/Fax Number:
(801) 620-2456 / (801) 620-2414
Not a toll free number
Contact Hours/Days:
7 a.m. - 1 p.m. Mountain Time
Monday - Friday
Partnership/S Corporation:
Prentice Capital Partners QP LP
Tax Identification Number:
73-1728934

Dear Mr. Hoffman:

The partnership in which you have invested, Prentice Capital Partners QP LP, 73-1728934, for tax year(s) 2007, is subject to possible adjustments from a TEFRA examination. Any changes made to the partnership's return as a result of this examination may result in a corresponding adjustment to your return as well.

Our records show that there has not been a return filed for the identification number shown on the Schedule K-1. In order to accurately make any necessary adjustments, please check your records and advise us where the amounts shown on the Schedule K-1 are reported.

Older returns are still needed. The normal Statute of Limitations on a taxpayer account is governed by IRC §6501 which states that the statute expires three years from the due date of the return or the date the return was filed, whichever was later. However, the TEFRA provision enacted in 1982 ensures the statute on a flow-through issue is protected at the partnership level (IRC §6229). This means since the statute is held open and protected at the partnership level, the statute of any taxpayer who is an investor in a TEFRA partnership under examination is also held open and protected as long as the flow-through issue is unresolved. If you have additional questions, you may contact the Tax Matters Partner for Prentice Capital Partners QP LP. The Tax Matters Partner has the responsibility to provide this information to investors.

Please mail or fax your response within 30 days of the date of this letter. Please include your phone number, convenient hours we may reach you, and a copy of this letter in your reply. On the top of your return, please write in red "COPY DO NOT PROCESS." If you no longer have copies of the requested return(s), please reply to us so we may continue to process your account as quickly as possible.

If we do not receive a copy of your return, we will have to adjust your account using only the information we have available. This will likely result in your receiving an incorrect and potentially higher tax assessment.

TTE 4 (Rev. 06-2010)

EFTA01128323

In most cases, you will not need to file an amended Federal tax return regarding the examination of the partnership. We will make the necessary adjustments to your tax account.

If you have questions about this matter, please contact the person whose name, telephone number, and contact hours appear above. Unfortunately, long-distance charges will apply if the number is outside your local calling area; however, this person is best qualified to answer any questions you may have about this matter. If you prefer, you may call the Internal Revenue Service phone number listed in your local telephone directory.

We apologize for this inconvenience.

Sincerely,

Ms. Jasman

Ms. Jasman
Tax Technician
Exam Field Support

Enclosure(s):
Copy of this letter
Envelope
Copy of K-1
Notice 609



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If we do not receive a copy of your return, we will have to adjust your account using only the information we have available. This will likely result in your receiving an incorrect and potentially higher tax assessment.

TTE 4 (Rev. 06-2010)

EFTA01128325

In most cases, you will not need to file an amended Federal tax return regarding the examination of the partnership. We will make the necessary adjustments to your tax account.

If you have questions about this matter, please contact the person whose name, telephone number, and contact hours appear above. Unfortunately, long-distance charges will apply if the number is outside your local calling area; however, this person is best qualified to answer any questions you may have about this matter. If you prefer, you may call the Internal Revenue Service phone number listed in your local telephone directory.

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Tax Technician
Exam Field Support

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Schedule K-1
(Form 1065)

2007

For calendar year 2007, or tax
year beginning
ending

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Deductions,
Credits, etc.

See back of form and separate instructions.

Final K-1

Amended K-1

OMB No. 1545-0099

Part I Information About the Partnership	
A Partnership's employer identification number 73-1728934	
B Partnership's name, address, city, state, and ZIP code PRENTICE CAPITAL PARTNERS QP, L.P. 623 FIFTH AVENUE, 32ND FLOOR NEW YORK, NY 10022	
C IRS Center where partnership filed return OGDEN, UT	
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
Part II Information About the Partner	
E Partner's identifying number [REDACTED]	
F Partner's name, address, city, state, and ZIP code Partner #6 FINANCIAL TRUST COMPANY, INC. 6100 RED HOOK QUARTER, STE B-3 ST THOMAS, US VIRGIN ISLANDS 00802	
G <input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member	
H <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
I What type of entity is this partner? CORPORATION	
J Partner's share of profit, loss, and capital:	
Beginning Ending	
Profit VARIOUS VARIOUS	
Loss VARIOUS VARIOUS	
Capital VARIOUS 6.1131%	
K Partner's share of liabilities at year end:	
Nonrecourse	
Qualified nonrecourse financing	
Recourse	
L Partner's capital account analysis:	
Beginning capital account 15,135,796	
Capital contributed during the year	
Current year increase (decrease) (2,016,159)	
Withdrawals & distributions	
Ending capital account 13,119,637	
<input type="checkbox"/> Tax basis <input checked="" type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
1 Ordinary business income (loss)	15 Credits
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	16 Foreign transactions
4 Guaranteed payments	A VARIOUS
5 Interest Income	B 742,822
6a Ordinary dividends	C (18,556)
6b Qualified dividends	D 1,169
7 Royalties	G 27,531
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	17 Alternative minimum tax (AMT) items
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	18 Tax-exempt income and nondeductible expenses
11 Other income (loss)	
C* (201,662)	
F* 557,465	
12 Section 179 deduction	19 Distributions
13 Other deductions	A
G* 27,531	
	20 Other information
	V* SEE STMT
14 Self-employment earnings (loss)	W* SEE STMT
*See attached statement for additional information.	
For IRS Use Only	

For Paperwork Reduction Act Notice, see instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:		
Passive loss		
Passive income		
Nonpassive loss		
Nonpassive income		
2. Net rental real estate income (loss)		
3. Other net rental income (loss)		
Net income		
Net loss		
4. Guaranteed payments		
5. Interest income		
6a. Ordinary dividends		
6b. Qualified dividends		
7. Royalties		
8. Net short-term capital gain (loss)		
9a. Net long-term capital gain (loss)		
9b. Collectibles (28%) gain (loss)		
9c. Unrecaptured section 1250 gain		
10. Net section 1231 gain (loss)		
11. Other income (loss)		
Code		
A Other portfolio income (loss)		
B Involuntary conversions		
C Sec. 1256 contracts & straddles		
D Mining exploration costs recapture		
E Cancellation of debt		
F Other income (loss)		
12. Section 179 deduction		
13. Other deductions		
A Cash contributions (50%)		
B Cash contributions (30%)		
C Noncash contributions (50%)		
D Noncash contributions (30%)		
E Capital gain property to a 50% organization (30%)		
F Capital gain property (20%)		
G Investment interest expense		
H Deductions—royalty income		
I Section 59(e)(2) expenditures		
J Deductions—portfolio (2% floor)		
K Deductions—portfolio (other)		
L Amounts paid for medical insurance		
M Educational assistance benefits		
N Dependent care benefits		
O Preproductive period expenses		
P Commercial revitalization deduction from rental real estate activities		
Q Pensions and IRAs		
R Reforestation expense deduction		
S Domestic production activities information		
T Qualified production activities income		
U Employer's Form W-2 wages		
V Other deductions		
14. Self-employment earnings (loss)		
<i>Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.</i>		
A Net earnings (loss) from self-employment		
B Gross farming or fishing income		
C Gross non-farm income		
15. Credits		
A Low-income housing credit (section 42(j)(5))		
B Low-income housing credit (other)		
C Qualified rehabilitation expenditures (rental real estate)		
D Other rental real estate credits		
E Other rental credits		
F Undistributed capital gains credit		
G Credit for alcohol used as fuel		
H Work opportunity credit		
I Welfare-to-work credit		
J Disabled access credit		
K Empowerment zone and renewal community employment credit		Form 8844, line 3
L Credit for increasing research activities		See the Partner's Instructions
M New markets credit		
N Credit for employer social security and Medicare taxes		
O Backup withholding		Form 1040, line 64
P Other credits		See the Partner's Instructions
16. Foreign transactions		
A Name of country or U.S. possession		
B Gross income from all sources		Form 1116, Part I
C Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
D Passive category		Form 1116, Part I
E General category		
F Other		
<i>Deductions allocated and apportioned at partner level</i>		
G Interest expense		Form 1116, Part I
H Other		Form 1116, Part I
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
I Passive category		Form 1116, Part I
J General category		
K Other		
<i>Other information</i>		
L Total foreign taxes paid		Form 1116, Part II
M Total foreign taxes accrued		Form 1116, Part II
N Reduction in taxes available for credit		Form 1116, line 12
O Foreign trading gross receipts		Form 8873
P Extraterritorial income exclusion		Form 8873
Q Other foreign transactions		See the Partner's Instructions
17. Alternative minimum tax (AMT) items		
A Post-1985 depreciation adjustment		See the Partner's Instructions and the instructions for Form 6251
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal—gross income		
E Oil, gas, & geothermal—deductions		
F Other AMT items		
18. Tax-exempt income and nondeductible expenses		
A Tax-exempt interest income		Form 1040, line 8b
B Other tax-exempt income		See the Partner's Instructions
C Nondeductible expenses		See the Partner's Instructions
19. Distributions		
A Cash and marketable securities		See the Partner's Instructions
B Other property		See the Partner's Instructions
20. Other information		
A Investment income		Form 4952, line 4a
B Investment expenses		Form 4952, line 5
C Fuel tax credit information		Form 4136
D Qualified rehabilitation expenditures (other than rental real estate)		See the Partner's Instructions
E Basis of energy property		See the Partner's Instructions
F Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8
G Recapture of low-income housing credit (other)		Form 8611, line 8
H Recapture of investment credit		See Form 4255
I Recapture of other credits		See the Partner's Instructions
J Look-back interest—completed long-term contracts		See Form 8697
K Look-back interest—income forecast method		See Form 8666
L Dispositions of property with section 179 deductions		See the Partner's Instructions
M Recapture of section 179 deduction		
N Interest expense for corporate partners		
O Section 453(f)(3) information		
P Section 453A(c) information		
Q Section 1280(b) information		
R Interest allocable to production expenditures		
S CCF nonqualified withdrawals		
T Information needed to figure depletion—oil and gas		
U Amortization of reforestation costs		
V Unrelated business taxable income		
W Other information		

PART II, ITEM L, CURRENT YEAR INCREASE (DECREASE)

INCOME (LOSS) FROM SCH. K-1, BOXES 1 - 11	355,803
LESS: DEDUCTIONS FROM SCH. K-1, BOX 12, 13, 16L & 16M	27,531
TOTAL INCOME (LOSS) PER SCHEDULE K-1	<u>328,272</u>
UNREALIZED GAIN/(LOSS) AND OTHER TEMPORARY DIFFERENCES	(2,344,431)
TRANSFER IN	-
TRANSFER OUT	-
REDEMPTIONS PAYABLE	-
CURRENT YEAR INCREASE (DECREASE)	<u><u>(2,016,159)</u></u>

BOX 11, CODE C - SECTION 1256 CONTRACTS & STRADDLES

NET SECTION 1256 GAIN (LOSS) FROM TRADING ACTIVITIES (1040 FILERS ENTER ON FORM 6781, LINE 1, GAIN COL. C (LOSS) COL. B)	(201,662)
TOTAL SECTION 1256 CONTRACTS & STRADDLES	<u>(201,662)</u>

BOX 11, CODE F - OTHER INCOME (LOSS)

NET ORDINARY INCOME FROM TRADE OR BUSINESS ACTIVITY BEFORE DIVIDEND INCOME (SEE SEPARATE FOOTNOTE BELOW FOR DETAILS) (1040 FILERS ENTER ON SCH. E, PART II, INCOME COL. J, (LOSS) COL. H)	93,632
TOTAL ORDINARY TRADE OR BUSINESS DIVIDENDS (1040 FILERS ENTER ON FORM 1040, LINE 9A) (SEE SUPPLEMENTAL FOOTNOTE)	279,970
TRADE OR BUSINESS CAPITAL GAINS (LOSSES):	
NET SHORT-TERM CAPITAL GAIN (LOSS) (1040 FILERS ENTER ON SCH. D, LINE 5, COL. F)	715,990
NET LONG-TERM CAPITAL GAIN (LOSS) (1040 FILERS ENTER ON SCH. D, LINE 12, COL. F)	(532,127)
TOTAL OTHER INCOME (LOSS)	<u>557,465</u>
DETAIL OF NET ORDINARY INCOME (LOSS) FROM TRADE OR BUSINESS ACTIVITY BEFORE DIVIDEND INCOME INCLUDED ON SCH. K-1, BOX 11, CODE F:	
INTEREST INCOME	301,610
IRC SEC. 988 INCOME (LOSS) (FOREIGN CURRENCIES)	(757)
TRADE OR BUSINESS INTEREST EXPENSE	-
OTHER TRADE OR BUSINESS EXPENSES	(387,019)
OTHER ORDINARY INCOME	179,798
TOTAL ORDINARY INCOME (LOSS)	<u><u>93,632</u></u>

SUPPLEMENTAL FOOTNOTE - DIVIDEND INCOME INCLUDED ON SCH. K-1, BOX 11, CODE F:

QUALIFIED DIVIDENDS (1040 FILERS ENTER ON FORM 1040, LINE 9B)	5,350
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BOX 13, CODE G - INVESTMENT INTEREST EXPENSE

INVESTMENT INTEREST EXPENSE RELATED TO TRADING ACTIVITIES	27,531
TOTAL INVESTMENT INTEREST EXPENSE	<u><u>27,531</u></u>

PARTNER FOOTNOTES:

PLEASE NOTE THAT OTHER THAN THE FOOTNOTE MENTIONED BELOW, NONE OF THE DISTRIBUTIVE SHARE ITEMS REPORTED ON SCHEDULE K-1 ARE CONSIDERED AS DERIVED FROM A PASSIVE ACTIVITY UNDER TREASURY REGULATION SECTION 1.469-1T(E)(6).

THE FUND DISPOSED OF A PASSIVE ACTIVITY IN 2007. PLEASE NOTE THAT THE AMOUNT REFLECTED ON LINE 1 OF YOUR PRIOR YEAR SCHEDULE K-1S WERE FROM THIS PASSIVE INVESTMENT. THE PASSIVE CAPITAL LOSSES ON THE DISPOSITION OF THIS INVESTMENT ARE INCLUDED IN LINES 11F ARE AS FOLLOWS:

SHORT-TERM	(142,055)
LONG-TERM	(554,503)

PLEASE CONSULT YOUR TAX ADVISOR

THE K-1 HAS BEEN PREPARED ON THE BASIS OF A PARTNER WHO DOES NOT MATERIALLY PARTICIPATE IN THE OPERATIONS OF THE PARTNERSHIP. THEREFORE, INTEREST EXPENSE HAS BEEN INCLUDED IN BOX 13, CODE G AS INVESTMENT INTEREST EXPENSE AND IS NOT INCLUDED IN BOX 11, CODE F. 1040 FILERS SHOULD ENTER THIS AMOUNT ON FORM 4952, LINE 1. ANY DEDUCTIBLE INTEREST EXPENSE SHOULD THEN BE ENTERED ON SCHEDULE E, PART II, COLUMN (H).

INVESTMENT INCOME/EXPENSE ITEMS IN BOX 11, CODE C AND BOX 11, CODE F HAVE NOT BEEN INCLUDED IN BOX 20, CODE A AND BOX 20, CODE B. THESE AMOUNTS SHOULD BE CONSIDERED WHEN PREPARING FORM 4952. PLEASE CONSULT YOUR TAX ADVISOR.

DOMESTIC PRODUCTION ACTIVITIES INFORMATION, BOX 13, CODE S:

IN ADDITION TO THE INFORMATION PROVIDED ON SCHEDULE K-1, THE PARTNERSHIP PROVIDES THE FOLLOWING INFORMATION RELATING TO BOX 13, CODE S: ALL OF THE PARTNERSHIP'S ITEMS RELATE TO NON-DOMESTIC PRODUCTION ACTIVITIES. IF YOU OTHERWISE HAVE SECTION 199 ACTIVITIES, PLEASE NOTE THAT THE INFORMATION NECESSARY FOR PURPOSES OF COMPUTING THE GROSS INCOME/GROSS RECEIPTS IS REPORTED IN BOX 11, CODE F, NET OF LOSSES FROM CAPITAL ASSETS. ADDITIONAL INFORMATION, IF NEEDED, IS AVAILABLE UPON REQUEST.

FOREIGN GROSS INCOME SOURCED AT PARTNERSHIP LEVEL, BOX 16, CODE D:

FOREIGN QUALIFIED DIVIDENDS ARE INCLUDED IN BOX 16, CODE D. PLEASE CONSULT YOUR TAX ADVISOR REGARDING WHETHER ADJUSTMENTS SHOULD BE MADE TO THIS AMOUNT OR ANY APPEARING IN BOX 16 FOR PURPOSES OF CALCULATING OTHER AMOUNTS YOUR FOREIGN TAX CREDITS ON FORM 1116.

YOUR ALLOCABLE SHARE OF FOREIGN QUALIFIED DIVIDENDS ARE:

245

BOX 20, CODE P: INFORMATION REGARDING UNRELATED BUSINESS TAXABLE INCOME:

-- 00.00% OF OF ALL OTHER ITEMS OF INCOME/LOSS AND DEDUCTIONS OTHER THAN CAPITAL GAINS/LOSSES AND SECTION 1256 GAINS/LOSSES IS UNRELATED BUSINESS TAXABLE INCOME.

-- 00.00% OF CAPITAL GAINS/LOSSES AND SECTION 1256 GAINS/LOSSES IS UNRELATED BUSINESS TAXABLE INCOME.

CORPORATE PARTNERS MAY TAKE THE FOLLOWING DIVIDENDS REPORTED ON SCHEDULE K-1 AS QUALIFYING FOR THE DIVIDENDS RECEIVED DEDUCTION UNDER IRC SECTION 243:

5,104