
From: jeffrey E. <jeevacation@gmail.com>
Sent: Sunday, April 30, 2017 10:51 PM
To: Barry Cohen; Thomas Turrin; bwechsler@imax.com
Cc: Leon Black
Subject: Re:

We were told that neither Deloitte or apollo tax knew of this . That w=s the first question

On Sun, Apr 30, 2017 at 6:18 PM Thomas Turrin <TTurrin@rem-co.com> wrote:

Please see my comments below in red.

<=iv>

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

From: [REDACTED] <[mailto:bwechsler@imax.com]>
<mailto:[REDACTED]>
Sent: Sunday, April 30, 2017 11:33 AM
To: Jeffrey Epstein; Thomas Turrin; Barry Cohen
Cc: Leon Black
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 ba=k-up and presentation on the other items of BRH income highlighted in the =riginal IRS notice this week end. Hopefully we will not have to submit. =A0 2. As we all know I aint no tax guy but I read the assessment letter v=ry carefully and my "uninformed" view is exactly tom and jeffrey=#39;s first reaction (which may or may not have changed), ie, that the IRS=C2 found/acknowledges 378,805,695 of what they believe should be 379,707,381 or a delta of 884,006. (They also found a del=a of 17,680 in itemized deductions.) Definitionally, these numbers have to=include BRH numbers and as jeffrey said to me, they answered the question =hey posed in the initial notice.

The "delta" in i=come is not a result of an audit of Leon's tax return. =A0 The "delta" is Leon's (BFP's) al=ocable share of the adjustment of BRH Holdings, LP ordinary =ncome as a result of an audit of the ta= return of BRH Holdings. The issue is on th= BRH partnership return. Suzan=e Wong (or someone at Apollo or Deloitte) should be able to provide a copy of the IRS audit report explaini=g the adjustment of BRH. I will not be able to speak =o the agent about BRH specifically since I am not the tax preparer of BRH.=/b>

When the IRS audits a partnership and makes an =djustment to the partnership's income or deductions,=the IRS sends adjustment notices to the partners such as the=one received late Friday in which they indicate the specific partner's allocable share of the partnership ad=ustment. The IRS notice also computes the additional ta= and interest (there was no penalty) related to the adjustment of <=b>BRH income.

The delta in itemized deductions is strictly du= to the fact that Leon's gross income increased due to the audit a=justment of BRH Holdings, LP...no other reason.

There was no disallowance of Leon's ded=ctions claimed on his personal return. Total gro=s income affects the amount of miscellaneous itemized=deductions subject to the

2% gross income limitation...so the amount of miscellaneous itemized deductions decreased due to increase in income.
..it's simple limitation calculation.

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 morning to coordinate) to confirm that the 360k assessment is the show stopper. A0 Brad, I agree with this approach. The 360 assessment as a result of the BRH audit in my opinion is the show stopper A6. If Leon were to sign off on

adjustment and pay the assessment promptly, that is the end of this.

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. I believe (and so does my partner Lisa Gidman) that this notice of adjustment should "end the process". I can call first thing Monday and confirm (if the agent takes my call). We can discuss strategy first thing tomorrow.

<iv>

5. As an aside, if Leon's BRH assessment is 884,006 it would 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. The audit report issued to BRH Holdings, LP would disclose the reason for the adjustment. It would be interesting to see whether the audit adjustment is proportional to the other founding partners, it should be.

Thgts? I'm reachable by email or cell phone. Best, b Sent from my Verizon Wireless BlackBerry

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