From: Barry J. Cohen <[redacted]>
Sent: Monday, May 1, 2017 12:56 AM
To: bwechsler@imax.com
Cc: Tom Turrin; Jeffrey Epstein; Leon Black
Subject: Re: IRS

Apollo can't=answer question #2 (under Apollo) unless we tell them what our assessment =s. JEE has asked that we not do that.

I will be on a plane from 10-4 tomorrow, lik=ly with access to email, but not phone.

Sent from my iPhone

On Apr 30, 2017, at 8:51 PM, "[redacted]
<[redacted]

Tom, thank you for your more precise comments on my earlier note. Inst=uctive and relevant.
I know my basic questions for agent:
1. Where did these adjustments emanate from?
2. Wasn't 2012 closed?
3. Have they been interacting with the designated tax partner at brh or any=ne else at apollo?
4. Are we correct in assuming that this "assessment" moots their =irst inquiry since they appear to have answered their own initial question=to leon?
For apollo:
1. Have other people been receiving brh assessments.
2. Do they foot with our (apollo's) records of brh ownership.

For our working group:
1. Once we understand where these adjustments came from, assess implication= for other years, if any.
I am sure there are other q's and we can all organize in the morn. It seems=like we're all on the same page and you and jeffrey will touch bases in th= morn as well. B
Sent from my Verizon Wireless BlackBerry _____

From: "Barry J. Cohen" <[redacted]>
Date: Sun, 30 Apr 2017 23:35:28 +0000
To: [redacted]
Cc: jeffrey E<jeeva=ation@gmail.com <mailto:jeevacation@gmail.com> >[redacted]m
<[redacted]
Subject: IRS

Maybe there was an audit of an entity downstream from BRH. I only aske= Apollo about BRH. How else would 2012 still be open?

Sent from my iPhone

On Apr 30, 2017, at 7:17 PM, Thomas Turrin[redacted]rote:

This audit could have bee= done internally by IRS. I know that IRS sometimes does examinations=internally (client isn't contacted until "internal" audit is concluded).. Because BRH Holdings LP is mainly a h=lding entity owning many other flow-through partnership entities, IRS coul= easily trace all K-1's flowing from these other partnerships to the BRH=return without doing a field audit at Apollo's offices. It would not be difficult for them to undertake such an internal audit and=trace all the K-1's into BRH. The IRS could readily pull this K-1 =nformation from their system.

<=p>

It is very surprising to =e that Deloitte nor anyone Apollo knew of these audits. Also, =t's interesting that other non-founding executives at Apollo were

also recently given asses=ment notices relating to audits of related Apollo partnerships. &nbs=;The IRS audit was more than just BRH.

The BRH Holdings LP adjus=ment of income is likely to have resulted from an audit of one or more of =he investee entities owned by BRH.

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From: jeffrey =. [mailto:jeevacation@gmail.com</=>]
Sent: Sunday, April 30, 2017 6:51 PM
To: Barry Cohen; Thomas Turrin; <[redacted]
<mailto:[redacted]>
Cc: Leon Black
Subject: Re:

We were told that neither Deloitte or apollo tax kne= of this . That was the first question

On Sun, Apr 30, 2017 at 6:18 PM Thomas Turrin[redacted]
wrote:<=o:p>

Please see my comments below in red.=/span>

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

From: [redacted]
<[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 som= 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" =iew is exactly tom and jeffrey's first reaction (which may or may not have changed), ie, that the IRS found/acknowledges 378,805,695 o= 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 num=ers have to include BRH numbers and as jeffrey said to me, they answered the question they posed in the initia= notice.

The “delta” in income =s not a result of an audit of Leon’s tax return. The “delta” i= Leon’s (BFP’s) allocable share of the adjustment of BRH Holdings, LP ordinary income

as a result of an audit of=the tax return of BRH Holdings. The issue is on the BRH partnership return. Suzan=e Wong (or someone at Apollo or Deloitte) should be able to

provide a copy of the IRS =udit report explaining the adjustment of BRH. I will not be able to=speak to the agent about BRH specifically since I am not the tax preparer of BRH.

When the IRS audits a part=ership and makes an adjustment 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=92s allocable share of the partnership adjustment. The IRS notice also computes the additional tax and interest (there was =o penalty) related to the adjustment of BRH income.

The delta in itemized dedu=tions is strictly due to the fact that Leon’s gross income increased due=to the audit adjustment of BRH Holdings, LP…no other reason.<=pan style="font-size:11.0pt;font-family:"Calibri","sans-s=rif"">

There was no disallowance =f Leon’s deductions claimed on his personal return. Total gr=ss income affects the amount of miscellaneous itemized deductions subject to the

2% gross income limitation=85so the amount of miscellaneous itemized deductions decreased due to incr=ase 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 ba=e today or tomorrow morn to coordinate) to confirm that the 360k assessment is the show stopper. Brad, I agree with this approach. The 360 assessment as=a result of the BRH audit in my opinion is the show stopper....if Leon wer= to sign off on

adjustment and pay the ass=ssment promptly, that is the end of this.

4. On a parallel basis, I'd have =effrey and tom edit the "alternate response letter" which,=again, would set out our belief that the "assessment" ends this =rocess, 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 Goldman= that this notice of adjustment of should “end the process”. &nbs=; I can call first thing Monday and confirm (if the agen= takes my call). We can discuss strategy first thing tomorrow.<=span>

5. As an aside, if leon's brh assessmen= is 884,006 it wld be nice to see if that foots with the overall assessmen= 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. =nbsp;

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 proportio=al to the other founding partners, it should be.

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

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please no=e