Epstein Took 'Vast Sums,' Tycoon Says: [Business/Financial Desk]

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FULL TEXT

For over 15 years, Jeffrey Epstein served as a close personal adviser to Leslie H. Wexner, the billionaire mogul behind Victoria's Secret and Bath &Body Works. Now, Mr. Wexner says Mr. Epstein "misappropriated vast sums of money" from him and his family.

Mr. Wexner, the chief executive of the retail giant L Brands, included the accusation in a 564-word letter he sent Wednesday to the Wexner Foundation, giving his most detailed account yet of how his life and affairs became intertwined with Mr. Epstein, who was arrested last month and charged with sex trafficking involving girls as young as 14.

In the letter, Mr. Wexner said the misappropriation was first discovered in 2007 as he separated from Mr. Epstein. In early 2006, Florida authorities charged Mr. Epstein with multiple counts of molestation and unlawful sexual activity with a minor. In 2008, he pleaded guilty to state charges of solicitation of prostitution from a minor and was required to register as a sex offender.

"It was agreed that he should step back from the management of our personal finances," Mr. Wexner said in the letter. "In that process, we discovered that he had misappropriated vast sums of money from me and my family. This was, frankly, a tremendous shock, even though it clearly pales in comparison to the unthinkable allegations against him now."

Mr. Epstein, 66, has pleaded not guilty to charges that he and his employees paid dozens of underage girls to engage in sex acts. A lawyer for Mr. Epstein did not respond to Mr. Wexner's new accusations. In a letter to L Brands employees last month, Mr. Wexner, 81, said he was "NEVER aware of the illegal activity charged in the indictment."

[How Jeffrey Epstein used Leslie Wexner for wealth and women.]

Mr. Wexner used his letter on Wednesday, addressed to the "Wexner Foundation Community" and distributed to the press, to cast himself as an unwitting victim of his former adviser's financial impropriety, after weeks of questions about his deep ties to Mr. Epstein.

The New York Times reported last month that company executives in the mid-1990s had learned that Mr. Epstein was trying to pitch himself as a recruiter for Victoria's Secret models.

In the same article, The Times reported that Mr. Wexner had given Mr. Epstein wide powers over his finances, philanthropy and private life.

"I first met Mr. Epstein in the mid-1980s, through friends who vouched for and recommended him as a knowledgeable financial professional," Mr. Wexner wrote in the letter to the foundation. "Mr. Epstein represented that he had various well-known and respected individuals both as his financial clients and in his inner circle. Based on positive reports from several friends, and on my initial dealings with him, I believed I could trust him."

That trust included a so-called power of attorney, which enabled Mr. Epstein to hire people, sign checks, buy and sell properties, and borrow money -- all on Mr. Wexner's behalf.

Mr. Wexner defended his decision to give Mr. Epstein power of attorney, calling it "common in that context" and saying, "He had wide latitude to act on my behalf with respect to my personal finances."

Before the separation, Wexner-backed entities financed a charity called C.O.U.Q., which Mr. Epstein controlled.

That foundation accepted an $11.2 million donation from the Wexner Children's Trust in 2002 and $10 million from the Leslie H. Wexner Charitable Fund in 2004.

In the letter sent Wednesday, Mr. Wexner said he had been "able to recover some of the funds" that he said were misappropriated by Mr. Epstein. That included a transfer of about $46 million worth of securities from C.O.U.Q. and a Virgin Island business controlled by Mr. Epstein to a foundation run by Mr. Wexner's wife, Abigail Wexner, according to tax documents.

Mr. Wexner pegged that sum as a "portion of the returned monies." "All of that money -- every dollar of it -- was originally Wexner family money," he added.

"I am embarrassed that, like so many others, I was deceived by Mr. Epstein," he wrote. "I know now that my trust in him was grossly misplaced, and I deeply regret having ever crossed his path."

The relationship between the two men has posed a potentially grave problem for L Brands, a publicly traded company that has been trying to distance itself from the scandal involving Mr. Epstein.

The company has said it hired outside lawyers "to conduct a thorough review" into the relationship.

L Brands has struggled to find its footing as retailers move away from sexualized marketing in the era of #MeToo. This week, Mr. Wexner told employees that Ed Razek, its longtime chief marketing officer, was retiring. Mr. Razek was instrumental in developing eroticized campaigns for Victoria's Secret, as well as its annual fashion show.

Credit: By STEVE EDER and EMILY STEEL; Matthew Goldstein contributed reporting.

Photograph

The billionaire Leslie H. Wexner, in a letter to the Wexner Foundation, said Jeffrey Epstein "deceived" him. (B8)

DETAILS

Subject:	Indictments; Investment advisors; Employees; Executives
Business indexing term:	Subject: Investment advisors Employees Executives
Location:	Florida; New York; United States--US
People:	Epstein, Jeffrey; Wexner, Leslie
Company / organization:	Name: New York Times Co; NAICS: 513110, 516110, 516120; Name: Wexner Foundation; NAICS: 813211; Name: L Brands Inc; NAICS: 424210, 458110; Name: Bath &Body Works; NAICS: 456120
URL:	https://www.nytimes.com/2019/08/07/business/wexner-epstein.html
Publication title:	New York Times, Late Edition (East Coast); New York, N.Y.
Pages:	B.1
Publication year:	2019
Publication date:	Aug 8, 2019
Section:	B
Publisher:	New York Times Company

Place of publication:	New York, N.Y.
Country of publication:	United States, New York, N.Y.
Publication subject:	General Interest Periodicals--United States
ISSN:	03624331
Source type:	Newspaper
Language of publication:	English
Document type:	News
ProQuest document ID:	2269289569
Document URL:	https://rlib.pace.edu/login?url=https://www.proquest.com/newspapers/epstein-took-vast-sums-tycoon-says/docview/2269289569/se-2?accountid=13044
Copyright:	Copyright New York Times Company Aug 8, 2019
Last updated:	2022-05-09
Database:	U.S. Major Dailies

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