

CA11517 - JEFFREY EPSTEIN

REFERRAL DETAILS:

Case Creation Date: 07/08/2019

Notification Source: Financial Crimes Risk Management- AML Media Review Team

Referring Concern:

Incident report opened due to negative media for JEFFREY EPSTEIN. he has been charged with one count of sex trafficking of minors, and one count of conspiracy to engage in sex trafficking of minors. FCI Media is in the process of exiting the client.

Previous or Related Compliance Cases (in the prior 24 months):

- N/A - No previous related Compliance cases were identified as of 07/10/2019
 - SELS query on the Compliance/TPA/Investigations tabs & Oracle ECM

INVESTIGATION NOTES:

Subject(s):

- JEFFREY EPSTEIN
- SOUTHERN TRUST COMPANY INC.
- SOUTHERN FINANCIAL LLC
- SOUTHERN COUNTRY INTERNATIONAL LTD
- RICHARD KAHN

Customer ID(s):



JEFFREY EPSTEIN (66 years old) established a relationship with Schwab in April 2019 maintaining three active accounts for which he maintains a role as an internal control person and beneficial owner. These roles do not grant him any authority to act on an account, however, he is included within this investigation due to the negative media surrounding Mr. Epstein. His disclosed suitability is employed as an executive/senior management at Southern Trust Company, Inc.

RICHARD KAHN (46 years old) established a relationship with Schwab in April 2019 maintaining three active accounts for which he maintains an agent role granting him the authority to conduct activity within the three corporate accounts. His disclosed suitability is an executive/senior management of HRBK ASSOCIATIONS INC.

Transaction Summary:

This investigation encompassed the period between account inception and 07/10/2019.

*** (all accounts established within April/May 2019) (see individual subpages in the Transaction Summary tab) ***

The following activity was identified:

	Credits	Debits											
Account [REDACTED] SOUTHERN TRUST COMPANY LLC Agent: KAHN Internal Control: KAHN & EPSTEIN Beneficial Owner: EPSTEIN (100%)	Funds received via check/wires from: SOUTHERN TRUST COMPANY +2,250,000	Foreign wire sent to: MARC LEON (MOROCCO)											
	TOA of stocks from Merrill Lynch	06/26/19 -12,708,324.00 <i>Client requested return</i>											
	FX Returned Wire Credit of: +\$12,070,506.60 Client assumed loss of-\$113,527.80	07/10/19 -14,950,000.00 <i>Client canceled wire</i>											
		SHARES Transferred to #14332170											
	<table border="1"><thead><tr><th>Date</th><th>Shares</th><th>Symbol</th></tr></thead><tbody><tr><td>06/27/19</td><td>10,000</td><td>XOM</td></tr><tr><td>06/27/19</td><td>10,000</td><td>ILMN</td></tr><tr><td>06/27/19</td><td>1,000</td><td>GS</td></tr></tbody></table>	Date	Shares	Symbol	06/27/19	10,000	XOM	06/27/19	10,000	ILMN	06/27/19	1,000	GS
Date	Shares	Symbol											
06/27/19	10,000	XOM											
06/27/19	10,000	ILMN											
06/27/19	1,000	GS											

Credits

Debits

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Account [REDACTED]
SOUTHERN FINANCIAL LLC
Agent: KAHN
Internal Control: KAHN & EPSTEIN
Beneficial Owner: EPSTEIN (?%)

Funds received via check/wires from:
SOUTHERN FINANCIAL LLC +535,278.60
COATUE ENTERPRISES LLC +39,000.00
DARREN INDYKE & MICHELLE SAIPHER +42,700.00

CASH Transferred to [REDACTED]
Total -\$541,543.36

TOA of stocks from TD Ameritrade

SHARES Transferred to [REDACTED]

SHARES	SYMBOL	SHARES	SYMBOL
3,000	GOOG	25,000	CVNA
263,157	APO	1,000	AMZN
1,000	GS	25,000	KPTI

Account Balance \$0.00

Credits		Debits	
Account [REDACTED] SOUTHERN COUNTRY INTERNATIONAL INC. Agent: KAHN Internal Control: KAHN & EPSTEIN Beneficial Owner: EPSTEIN (100%)	Funds received via check from: SOUTHERN TRUST COMPANY +250,000 TOA of Fixed Income & Stocks from: TD Ameritrade SALE of Investments +17,255,875.48	CASH Transferred to [REDACTED] Total -\$17,505,911.64	

Investigation Research:

Negative Media - EPSTEIN:

EPSTEIN was arrested and charged on 07/08/2019 with sex trafficking of minors and conspiracy to commit sex trafficking to minors, the first federal charged brought against him. The indictment alleges the acts took place between 2002 through 2005, through engaging in acts in exchange for money.

JEFFREY EPSTEIN, 66, is charged with one count of sex trafficking of minors, which carries a maximum sentence of 40 years in prison, and one count of conspiracy to engage in sex trafficking of minors, which carries a maximum sentence of five years in prison.

He is currently in jail, but on 07/15/2019 he will appear in court for his bail hearing. Articles indicate urges to not grant bail to EPSTEIN as they worry he is a flight risk due to the extent of EPSTEIN's wealth.

OTHER INFORMATION REGARDING REMITTERS OF FUNDS:

COATUE ENTERPRISES LLC

- Actively registered in the state of NY with agent listed as HBRK ASSOCIATES INC. (KAHN's company)

DARREN K INDYKE

- Lawyer in New York
- Per CLEAR, connected to EPSTEIN (see CLEAR subpage in the *Client Profile* tab)
- Per PRABOOK.com - worked at EPSTEIN & Company
- Per an article (The Daily Beast) posted on 03/12/2019 indicates DARREN INDYKE is EPSTEIN's attorney

RICHARD KAHN

- Linked in various business connections to EPSTEIN and INDYKE.

FX WIRE RESEARCH:

Per notes in MyQ the purpose of the outgoing wire to MARC LEON on 06/26/2019 for -\$12,708,324.00 was for real estate purposes. The client was sending euros in which trades were placed. The following day, 06/27/2019, Richard Kahn called into Schwab asking if it's possible to stop and terminate the wire.

? **Why does he want to cancel?**

Kahn states "for a concentrated real estate transaction, and uh, what uh, terms we were told we had on uh an agreement, were uh, not, were reneged on this morning. So uh we are hoping it still can be a deal, but at this point the terms that I accepted are not agreeable to him I want to retract the wire ..."

Schwab agrees to attempt to recall the wire on a best efforts basis with the understanding that there might be financial

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consequences and Richard Kahn agreed to assume any losses.

Schwab successfully recalled the wire, converting the EU back into USD, the loss Richard Kahn absorbed was **-\$113,527.80**

▪ **Additional calls identified the following statements:**

- Wire was sent prematurely, but will need to send a wire for even more to a different escrow account.
- If the EU goes in our benefit, do we get the profit?
- Kahn asked on 07/10/2019 if the wire request requires more than one signature ... asked to check as he needs to send a few more wires out.

? **WHO IS MARC LEON:**

- Google search of MARC LEON identified a real estate company, KENSINGTON MOROCCO, where MARC LEON is listed as a partner, working for pharmaceutical, real estate businesses, etc.
- The address provided on the outgoing wire matches with the address listed on Kensington Morocco's website.
- Appears customers have the ability to research luxury properties in the countries MOROCCO and FRANCE.

★ **On 07/04/2019** a secondary wire request was submitted for a -\$14,950,000.00 wire to be remitted to a different account for the benefit of MARC LEON.

However, on 07/09/2019, Richard Kahn secure messaged Schwab asking to have the wire canceled.

The wire request form was signed by both KAHN and EPSTEIN on 07/05/2019.

Proposed Decision:

- ! Investigator determined to file a SAR reporting the outgoing international wire attempts for real estate purposes in light of the negative media in which articles indicate EPSTEIN is a possible flight risk. While source of funds do not appear of concern, the narrative will detail how the funds came to Schwab.

MEETING NOTES:

All meeting notes related to this AML Investigation can be identified within the Oracle ECM "Audit" tab within the respective case.

- Notes should reflect supporting points of the case review decision, and if applicable, can be updated after case review.