

2018 Account Planning
RM contribution

Relationship Name: Southern Financial
Banker Team: Stewart Oldfield
GCIS Number: 00000427075
Relationship Team:

ISG: Andrew King
DPM: Paul Bartilucci
KCP: Xavi Avila/Martin Zeman/Joshua Shoshan (KCP Capital Markets) and Vahe Stepanian (Coverage)
Lending: Laura Farischon
Trust/Custody:
WPS: Sam Petrucci
Deposits: Charlie Burrows
Other:

Client Profile

Jeffrey Edward Epstein (born January 20, 1953) is an American financier and billionaire. He is a resident of the US Virgin Islands. Epstein taught calculus and physics at the Dalton School in Manhattan from 1973 to 1975. In 1976, Epstein started work as an options trader at Bear Stearns where he worked in the special products division, advising high-net-worth clients on tax strategies. In 1980 Epstein became a partner at Bear Stearns.

In 1982, Epstein founded his own financial management firm, J. Epstein & Co., managing the assets of clients with more than \$1 billion in net worth. In 1987, Leslie Wexner, founder and chairman of Ohio-based The Limited chain of women's clothing stores, became a well-known client. In 1992 he converted a private school on the Upper East Side into an enormous residence. Epstein later bought that property, which is one of the largest private residences in NYC and worth well over \$100mm. In 1996, Epstein changed the name of his firm to the Financial Trust Company and, for tax advantages, based it on the island of St. Thomas in the U.S. Virgin Islands.

In 2003, Epstein bid to acquire New York magazine. Other bidders were advertising executive Donny Deutsch, investor Nelson Peltz, media mogul and publisher Mortimer Zuckerman, who had the New York Daily News, and film producer Harvey Weinstein. They were ultimately outbid by Bruce Wasserstein, a longtime Wall Street investor, who paid \$55 million.

In 2004, Epstein and Zuckerman committed up to \$25 million to finance Radar a celebrity and pop culture magazine founded by Maer Roshan. Epstein and Zuckerman were equal partners in the venture. Roshan, as its editor-in-chief, retained a small ownership stake.

Presently, Mr. Epstein runs Southern Trust Company Inc, which invests his assets. He also performs advisory services (primarily tax and investment advice) for billionaires.

This relationship was established by former banker Paul Morris in August

2013 and has been managed by Stewart Oldfield since 2017. The main points of contact aside from Mr. Epstein are the following:

Paul Barrett (Alpha Group Capital)

Darren Indyke (lawyer)

Richard Kahn (CFO)

Bella Klein (operations)

In addition to DB, he has relationships with MS and BAML

Opportunities and Challenges

Jeffrey is one of our most sophisticated clients and has also been one of our most challenging. The primary thing he expects from a relationship with DB is direct access to a structured trading desk, and our best trading ideas. He trades like a hedge fund does, but isn't as accessible or consistent as a full time hedge fund trader. He was frustrated with every version of KCP/global markets coverage we tried to create for him and the feeling was mutual. In early 2017, we cancelled his ISDA and offboarded him from GM. He continued to keep cash at DB, which he used for operational purposes (staffing his houses), subscribing to hedge funds and PE, and buying art.

Fortunately, there have been some positive changes in 2017. Despite our trading difficulties, we managed to improve the lines of communication with Jeffrey and his team and they appreciate the relationship. In the summer, Jeffrey hired Paul Barrett to trade for him. Paul used to run the GIO desk at JPM and was Jeffrey's main coverage when he banked at JPM. Paul is a talented full time trader who understands how banks work these days. At the same time, we rebuilt our KCP capital markets capabilities and massively improved our coverage from a trading standpoint. We were able to quickly reinstate the ISDA and onboard him back into global markets. We now have a strong and consistent flow trading relationship across equities (including syndicate), fx and rates, both cash and OTC.

We have the opportunity to grow this relationship to more than \$1mm of trading revenues and should be able to maintain brokerage balances over \$100mm and deposit balances between \$50mm and \$100mm. Our share of wallet for his trading business will be driven by quality of ideas and ease of execution. Challenges include the reduction of our branch services (Jeffrey is a major user of our teller services) and competition from other banks for his business.

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