

Confidential Due Diligence Report – YHS, LLC

727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B. Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as [REDACTED], a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her \$300 afterward.

In October, the police interviewed [REDACTED], then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself. Chief Reiter refused several requests to be interviewed, and his spokeswoman would not say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied

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