From: Jeffrey Epstein <jeevacation@gmail.com>
To: David Stern <[redacted]>
Subject: Re: Daily Telegraph: Revealed: Duchess of York's US firm collapses with $1m debts
Date: Sun, 04 Oct 2009 11:29:10 +0000

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have you spoken to her?

On Sun, Oct 4, 2009 at 3:33 AM, David Stern <[redacted]> wrote:

> Daily Telegraph 03 Oct 2009
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> Revealed: Duchess of York's US firm collapses with $1m debts
> A company controlled by Sarah Ferguson, the Duchess of York, to promote her business interests in the US is being wound up with debts of more than $1 million (£630,000).
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> The collapse of Hartmoor LLC is embarrassing for the Duchess and will inevitably raise further questions about the health of her finances. Last month, she was forced to deny money problems after being taken to court in the UK for unpaid bills.
> A source close to the Duchess, who turns 50 this month, told The Sunday Telegraph last night: "She is upset about the demise of Hartmoor. It has some debts and she is basically making sure all these debts are being paid off.
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> "This year has not been without challenges but she is very resilient. She will bounce back from this.
> "The Duchess has a number of exciting projects at the moment. She is in a very good place in terms of business and her philanthropy and good works."
> Hartmoor, which was based in an expensive office building on Madison Avenue in Manhattan, was set up in 2006 to cash in on America's apparent love affair with the Duchess. It was supposed to manage her seemingly lucrative career in publishing, media and public speaking.
> But it was shut down a few months ago with big debts, according to a well-placed source, after trading for just two years. The collapse of the company has been kept secret until now.
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> The source said: "I cannot say precisely how much is owed to creditors but it's fair to say it is substantially more than $1 million but less than $2 million. Creditors will not be getting all their money back but hopefully somewhere between 50 cents and 75 cents in the dollar. This was clearly a distressed company and when the company failed it had significant debts."
> Another source close to the Duchess said: "This company was not run well. There were many problems so the interested parties decided to go their separate ways."
> George Bonini, a Seattle-based lawyer appointed by creditors to wind up Hartmoor, said: "The process began in January this year. Creditors have so far been paid several hundreds of thousands of dollars but there is a lot more work to do to resolve all of Hartmoor's debts."
> The Duchess had hoped some of the profits from Hartmoor would be channelled to the Sarah Ferguson Foundation, a charity run out of New York and which has been described as Hartmoor's philanthropic arm.
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> The last available tax returns for the foundation show it spent just $22,600 (£14,200) on grants, including $10,000 (£6,300) paid to a charity linked to a game reserve in South Africa owned by the Duchess's friend Sir Richard Branson. The duchess and her two children have enjoyed a family holiday there. The Duchess's spokeswoman said the charity had since made grants of more than $400,000 (£250,000) in the past 18 months. The 2007 figure appeared low only because the foundation was still getting off the ground.
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> Hartmoor's struggles appear to coincide with the Duchess losing a lucrative contract with WeightWatchers, worth about £2 million a year, which came to an end in 2008. The long-running deal, first signed in 1996, went a long way to helping her establish a sound financial footing following her divorce from Prince Andrew.

Having been pilloried in the British press in the mid 1990s for unsuitable affairs and a profligate lifestyle that had seen her run up a reported overdraft with Coutts of almost £5 million, the Duchess reinvented herself in the US as the well-paid ambassador for WeightWatchers with a number of other endorsements.
The Duchess, who received a lump sum of just £300,000 as a divorce settlement from Prince Andrew, had been widely praised subsequently for standing on her own two feet and paying off her debts without the need of a bail out from the Royal family.

But the demise of Hartmoor will be seen as a blow to her rebuilt image. She had great hopes when it launched, telling an interviewer from Harper's Bazaar, the American glossy magazine, at the time that she intended it to be "a global inspirational lifestyle and wellness company", adding: "Hartmoor is a department store of everything I do."
The company occupied 5,600sq ft of office space at 590 Madison Avenue – where asking rents exceeded $100 (£63) a square foot. But according to the little information that is available in the state of Delaware, where the company was incorporated in 2006, it had paid just $737.38 (£464) in taxes. Its status has now been downgraded to 'ceased good standing' after it failed to pay its taxes.

According to public records the Duchess owns 51 per cent of the company, although a source close to the Duchess was eager to point out that she was not involved in its day-to-day running. The source said: "She had business partners who were supposed to manage the business and they didn't do that. She was the talent. She was not the CEO. There were far too many people being paid far too much in swanky offices."

Telephone inquiries to Hartmoor now divert to a New York venture capital firm, whose founder is understood to be one of the principal shareholders of Hartmoor. The firm was not available for comment.

The Sarah Ferguson Foundation is still functioning out of New York, having been launched at lavish fund-raising dinner on Wall Street in 2007 attended by guests such as Emily Mortimer, the actress, and with entertainment by Aretha Franklin, the singer. Tables cost as much as $25,000 (£16,000).
Its tax returns for 2007, the last to be filed, show that the foundation secured income of $508,620 (£320,000) from direct public support, while handing out grants of just $22,600. The charity donated $10,000 to Pride 'n Purpose, the charitable arm of Ulusaba, which is a private game reserve in South Africa owned by the Duchess of York's friend Sir Richard Branson. The Duchess and her two daughters, Princesses Beatrice and Eugenie, enjoyed a holiday at the lodge in 2005.

The Duchess's spokeswoman said the decision to award the money to Pride 'n Purpose was taken after the Duchess visited a community near the game reserve while on the holiday and decided it was worthy of a donation. The spokeswoman later sent The Sunday Telegraph a list of recent donations from 2008 to the present which showed that grants of about $400,000 were made to a series of good causes including a children's home in Kenya
The Duchess's problem do not appear restricted to her American business dealings, however.

Having lost the WeightWatchers contract – and another lucrative deal with Wedgwood, the pottery manufacturer – she has spent more time in Britain in the past year. She fronted an ITV documentary to illustrate 'Broken Britain' but in the process earned the wrath of residents of one suburb of Manchester, who accused her of exaggerating crime in the area.

It emerged last month that three firms had threatened her with court action over unpaid bills. A small firm of accountants, MJ Brooks, based in Harpenden in Hertfordshire, demanded £18,132, lodging a claim with Central London County Court in June; a law firm lodged a claim for £1,750 in April; and Shades, a family-run photographic business in Woking, Surrey, lodged a claim for £2,117 for prints which was finally paid in June this year. All bills have now been paid, the Duchess's spokeswoman said.

A source added: "The Duchess has a number of exciting projects at the moment. She is in a very good place in terms of business and her philanthropy and good works."

Last week, the Duchess announced she had signed a deal with a major US film company to work on big screen versions of five of her Little Red series of children's books.
"The films will run as a series. I cannot tell you the name of the film company," the Duchess said, adding: "I cannot tell you how exciting that is for me. America has been so good to me. I failed in Britain and when I gave it a go in America I was ready to fail there too – but they have really embraced me.

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