

Report finds \$158 million in payments to Jeffrey Epstein by billionaire Apollo CEO Leon Black

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Billionaire Leon Black, cofounder of the finance giant Apollo Global Management, announced on Monday that he would be stepping down as CEO after an investigation by the company discovered \$158 million in payments to deceased sex trafficker Jeffrey Epstein between 2013 and 2017.

The investigation was ordered by Black himself following the publication of an article by the *New York Times* last October reporting that he had paid Epstein at least \$50 million during this period.

The allegations against Black threatened to cost the company hundreds of millions of dollars. Investors, including the Pennsylvania Public School Employees Retirement System, one of the largest in the country, told the company they were freezing new investments. Apollo handles hundreds of billions of dollars in private equity and could have faced an exodus of prominent investors hoping to avoid any association with Epstein themselves.

Seeking to settle the issue on its own terms, Apollo hired the Dechert law firm to review Black's dealings with Epstein.

According to the Dechert report, Epstein was paid by Black for consulting services that ranged from estate planning and taxes to his extensive art collection. Black defended his financial relationship with Epstein by claiming that he was paid proportionate to the services rendered—Black believed that Epstein's services resulted in a savings of \$1-2 billion.

However, the report also found that “the compensation paid by Black to Epstein far exceeded any amounts Black paid to his other professional advisors.” It also noted that Black paid far less to his advisors, who had actually implemented Epstein's

ideas, and that Epstein was often more of a nuisance and disruptive force than a creative one.

Epstein's work for Black began just two years after Epstein was released early from an 18-month sentence for soliciting sex from an underage girl. Black claimed that Epstein had served his time and that he had simply mistook the underage girl as being of age.

This justification by Black is fairly weak, though. Epstein was convicted for soliciting prostitution, but that was merely a plea deal to avoid prosecution along a much broader host of charges. As early as 2005, Epstein was facing credible accusations of sex trafficking, and in 2007, a federal investigation resulted in a 53-page indictment.

While the investigation by Dechert did not find any evidence that Black had been involved in any illicit activities relating to Epstein, there are serious questions regarding how aware Black was of the extensive accusations against him.

This extends to several billionaires and politicians around the world. Notable people with close personal and financial ties to Epstein include Donald Trump, Bill Gates, Leslie Wexner of L Brands, Barclays CEO James Staley, and Bill and Hillary Clinton.

None of these individuals has been found guilty of participating in Epstein's sex trafficking, but the very thought of being associated with Epstein in any manner has clearly cut a deep current of fear amongst the wealthy and powerful of the world.

Following the revelations of Black's financial connections with Epstein, Apollo was quick to take action out of concern for its reputation. In order to protect the firm's public image, Black decided to step down from his position as CEO “on or before July 31”

and take the less public position of board chairman.

The financial impact on Apollo is yet to be seen. Even with Black supposedly cleared of illegal connections to Epstein, many Apollo clients may still see a safer option in purging themselves of any association with the firm.

This will certainly have political consequences as well. Black was an avid political donor before this scandal, donating nearly \$600,000 to both Republican and Democratic Party candidates and super PACs in the 2016 election cycle alone, according to *CampaignMoney.com*. During the 2020 election cycle, he only donated \$89,000 in total, likely stepping back amid the allegations and investigation into his Epstein connections.

Apollo may also be affected by this change. According to *OpenSecrets.org*, Apollo Global Management has been involved in spending \$16 million on political contributions since 1990 and \$34 million on lobbying since 1998.

Understandably, politicians and political machines will likely not wish to consort with an organization linked to the Epstein scandal. Moving money to and from an organization whose former CEO and acting chairman paid suspiciously large sums to a convicted sexual predator is not particularly conducive to protecting a public image.

This has also had a considerable impact on the internal politics of Apollo. Cofounder Marc Rowan, who led the firm's creation of a \$300 billion credit platform during the 2008 financial crisis, will take the position of CEO after Black. The firm will also appoint two co-presidents and four new members to its board, as well as scrap a "dual-class share structure" that would have granted extra voting rights to its founding members.

The scandal around Leon Black is the latest in the Epstein saga, which promises to produce further revelations in the future and raise additional questions about the knowledge and involvement of the world's wealthiest and most powerful people in Epstein's crimes.



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