Rudi v. Leslie H. Wexner, et al. - L Brands Derivative Action

COURT: United States District Court for the Southern District of Ohio
CASE NUMBER: 2:20-cv-3068
CASE LEADERS: Gregory V. Varallo

L Brands Establishes Extensive Workplace and Governance Reforms To Remedy Workplace Harassment Issues

Following disclosure of the extensive ties between notorious sex offender Jeffrey Epstein ("Epstein") and Leslie Wexner ("Wexner"), the founder and then long-time Chairman and CEO of L Brands, BLB&G and its co-counsel commenced an investigation. Working with the State of Oregon and the Oregon Public Employees Retirement Fund ("Oregon"), counsel pursued its statutory right to demand books and records to investigate possible wrong-doing by the L Brands Board of Directors and senior executives.

The investigation focused on Wexner's connection to Epstein, the involvement of Epstein with L Brands, and a broader culture of sexual misconduct and harassment at L Brands. This included misconduct by officers, including Wexner, and the Board's failure to exercise oversight or to act in response to misconduct.

Following the investigation, books and records demands, and numerous presentations and mediation sessions, Oregon and other stockholders achieved a comprehensive settlement to remedy the workplace harassment issues at L Brands, and recently spun off Victoria Secret (collectively "L Brands").

The settlement provides for:

- $90 million to fund workplace and governance reforms;
- The establishment of Councils focused on enhancing training, investing in diverse communities that are representative of the companies' customers and employees, and auditing the effectiveness of those initiatives;
- A complete revamp of the companies' internal sexual harassment, discrimination and retaliation policies, procedures and training;
- A prohibition on the use of non-disclosure agreements (NDAs) and a release of current and former employees from their NDAs, as well as a prohibition on the use of forced arbitration of discrimination claims;
- The separation of the roles of CEO and chair of the board of directors; and
- The publication of annual reports to stockholders discussing the companies' objectives, progress in meeting those goals, and accompanying metrics.

In addition, Oregon demanded during the process that Wexner no longer have any connection to L Brands as an officer or director of the company. Wexner and his wife, Abagail Wexner, also a long-time board member of L Brands, ended all of their positions with L Brands.

A copy of the stipulation of settlement is available under the Case Documents section of this page.

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The Court granted preliminary approval of the settlement and scheduled the final settlement hearing for January 18, 2022, at 11 a.m. On May 16, 2022, The Court entered an Opinion and Order finally approving the Settlement and awarding attorneys' fees and expenses.

Case Documents

- May 16, 2022 - Opinion and Order Approving Settlement
- August 25, 2021 - Order Preliminarily Approving Settlement and Setting Settlement Hearing
- July 29, 2021 - Stipulation and Agreement of Settlement

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