

Wine Spectator

A Wine Ponzi Scheme Targeted New York's Most Powerful Enophiles, Clients Allege

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For wine lovers and executives, the dinners were sorely tempting: dishes cooked by some of the world's top chefs (Daniel Boulud, Tom Colicchio, Daniel Humm), paired with some of the rarest wines in the world (Domaine de la Romanée-Conti, Cheval-Blanc, Dom Pérignon) and featuring business-savvy speakers. Since 2013, the International Business & Wine Society (IB&WS) has offered members monthly dinners paired with lectures and chats with leading business minds.

Was it all an elaborate Ponzi scheme? The organization's founder, Omar Khan, stands accused of taking money from investors and wine retailers to make the dinners happen and pocketing it instead.

Last week, 13 disgruntled clients filed a suit against Khan in New York state court, alleging fraud, misrepresentation, unjust enrichment and five other counts. They claim he owes them more than \$8.3 million. Several other lawsuits are pending against Khan, the IB&WS and his other company, Sensei International, including one from a Burgundy hotelier and another from a wine retailer in Putnam County, New York.

"I was a prosecutor for 11 years and have been a lawyer for 30 years and I've never seen such a brazen example of a con man taking advantage of decent hardworking people," Robert Seiden of the Seiden Law Group, which is representing the 13 clients in the suit filed on Sept. 3, told *Wine Spectator*. "This guy is like a micro-Madoff. He engaged in a multi-year scheme to defraud people in return for entry into the global wine world."

Seiden's clients include several high-powered names in finance: Robert Van Brugge, CEO and chairman of Sanford C. Bernstein; Kresimir Penavic of hedge fund Renaissance Capital; Peter Slagowitz, CEO of Spurs Capital; Lorine Schaefer, vice president at Morgan Stanley; as well as Robert Gelfond, director of the Cato Institute, a conservative think tank. Charles Curtis, former head of wine for Christie's in both Asia and the Americas, is also a plaintiff. According to the suit, Khan hired him as a consultant, then never paid him. (Curtis deferred to Seiden for comment.)

Khan could also be staring down more serious trouble. New York prosecutors are investigating his actions, according to two sources with knowledge of the case. The district attorney's office is looking into whether Khan altered an email from Philippe Sereys de Rothschild, co-owner of Bordeaux's Château Mouton-Rothschild, in order to convince an investor that he had partnered with the first-growth on a series of dinners. If true, that would suggest Khan knew he was committing fraud.

Khan told *Wine Spectator*, "I deny any wrongdoing and refuse to comment due to pending litigation."

Power players and power wines

According to a bio on the Sensei International website, Khan is an international business consultant and the author of several books on using language to persuade people. Khan is "one of the pioneers of Neuro-linguistic programming," the site claims. It also says he was born in Egypt, the son of Pakistani diplomats, and attended Oxford University.

Khan began holding his wine dinners in New York in late 2013. According to media reports at the time, his goal was to combine business forums with wine passion, inviting top executives to hear speakers, enjoy good food and rare wines. A typical dinner featured David Bouley and Anita Lo preparing six courses for guests at Bouley Test Kitchen, while Château Palmer's Thomas Duroux personally served several vintages of the Bordeaux and the CEO of CHC Helicopter gave a talk. Members at that time paid \$5,000 a year, as well several hundred dollars for each dinner.

According to the lawsuit, Khan asked some regular attendees to partner with him on upcoming dinners. For example, Schaefer of Morgan Stanley was introduced to Khan in 2018 by a sommelier, according to the lawsuit. He asked if she was interested in investing \$36,050 in an event at Craft in New York for an estimated profit of \$13,500 to be split equally. In March 2019, Khan hosted the event but never sent Schaefer any money, the suit alleges.

One plaintiff, Penavic, invested millions of dollars in IB&WS over the course of several years for various dinners in New York, London, Hong Kong and other cities, the suit alleges. Khan also approached him about investing in collaborations with Mouton-Rothschild. After months of asking for updates and being told that his share of profits was held up by French agencies or the IRS, Penavic began approaching other clients about suing. (Sereys de Rothschild did not respond to a request for comment.)

More than one allegation

Penavic and his fellow plaintiffs' suit is not the only legal jeopardy Khan faces, however. In January, Napa Valley winery Sinegal Estate owner (and former Costco CEO) David Sinegal sued Khan over \$75,000 he invested in a dinner offering 23 vintages of Pétrus. According to the complaint, Sinegal suspected something was wrong when Khan wouldn't allow him to inspect the bottles' provenance. The dinner was eventually cancelled. The suit was settled in June for \$125,000.

In December, Jean-Claude Bernard, the owner of one of Burgundy's best-known hotels, Hotel Le Cep in Beaune, filed suit against Khan. According to his complaint, he met Khan at a Paris dinner featuring a vertical of DRC that the IB&WS organized. Khan and Bernard hit it off and decided to organize several dinners in Beaune, Paris and London. Some happened, some did not. Bernard invested a total of \$472,500 and has not received a dime back, the lawsuit claims.

And in April, the owner of Cellaraiders, a rare wine store in Brewster, N.Y., filed a suit. According to Ben Wallace's complaint, he and Khan partnered on a series of wine dinners in 2018, with Cellaraiders investing more than \$250,000 as well as supplying more than \$36,000 worth of rare wines. Khan sent Wallace several checks, all of which bounced.

As of now, the three active cases are moving through New York state court. Seiden says in the days since he filed his clients' complaint, several other Khan clients have contacted him with their own allegations.

For now, the IB&WS website is down, offering only an error message. But under contact info, the site simply states, "We do not offer refunds."