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Former Aéropostale Official Faces Federal Fraud Charges

By [AMIR EFRATI](#)

A former senior executive at [Aéropostale Inc.](#) was charged last week for allegedly steering \$350 million of the clothing retailer's business to a supplier in exchange for kickbacks.

Christopher Finazzo, a former executive vice president and chief merchandising officer at the teen-focused retailer, allegedly received \$14 million in secret payments from the supplier, according to prosecutors from the U.S. attorney's office in Brooklyn, N.Y. The supplier's owner also was charged.

"We hope to reach a speedy resolution with the government," said Robert Zito, a lawyer for Mr. Finazzo.

The alleged scheme lasted from 1996 to 2006, the year Mr. Finazzo was fired by the company for his relationship to the supplier, according to a grand-jury indictment unsealed on Friday and an Aéropostale news release from four years ago.

Two years ago Mr. Finazzo claimed in a lawsuit filed in Manhattan that his firing and the subsequent federal investigation stemmed from the company's "misappropriation" of privileged communications between him and an attorney. The court dismissed the claims, saying they were premature.

Prosecutors on Friday alleged that as a result of the crimes, Aéropostale, which is based in New York, overpaid for merchandise by an unspecified amount.

Aéropostale declined to comment.

Mr. Finazzo, 54 years old, was arrested Friday, arraigned in Brooklyn federal court and released on bail.

The supplier's owner, Douglas Dey, 53, is expected to be arraigned Monday.

"Doug Dey is not guilty of any crime," said Mr. Dey's lawyer, Barry Kingham. "We are confident that, once the facts are fully established, the court and jury will realize there was nothing illegal about the highly successful relationship" between Aéropostale and Mr. Dey's small company, South Bay Apparel.

Aéropostale in 2006 said it had discovered violations of company policy by Mr. Finazzo, including failing to disclose that he had ownership interests in a small company affiliated with South Bay.

The men were charged with 28 counts including mail and wire fraud and various conspiracy charges. Each fraud count carries a maximum of 20 years in prison.

Aéropostale, which sells T-shirts, denim and knits to teenagers, has more than 900 stores in the U.S., Puerto Rico and Canada, according to its 2009 annual report.

The company employs about 14,000 people and had \$2.2 billion in sales last year, the report said.

Write to Amir Efrati at amir.efrati@wsj.com

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