

SDNY News Clips

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Public Corruption

Avenatti

Avenatti didn't care about ruining teens' lives in Nike case, lawyer says

NY Post

By Ruth Weissmann

1/30/2020

Lightning-rod lawyer Michael Avenatti was allegedly so hellbent on extorting an eight-figure sum from Nike that he didn't care who got hurt — including teenage basketball players, a witness testified Thursday.

In his second day of testimony in Manhattan federal court, Nike attorney Scott Wilson recounted the "Twilight Zone" meetings in which Avenatti allegedly tried to extort the company for \$20 million under threat of exposing purported corruption in youth basketball linked to the athletic-wear titan.

"I said to Mr. Avenatti, 'You may not care about the company, you may not care about me, but [if] you go live with allegations naming a 17-, 18-year-old player ... you could really destroy the lives of these players,' " testified Wilson of one sit-down. " 'You could end the career of these kids.' "

Avenatti, according to Wilson, was unfazed.

"[Avenatti] leaned forward and he shouted, 'I don't give a s-t about these kids,' or 'I don't give a f-k about these kids,' " testified Wilson, saying that he couldn't remember the exact expletive for which Avenatti opted.

Prosecutors also played tapes of three March 2019 phone calls — all recorded by federal investigators — in which Wilson attempted to suss out exactly how much money Avenatti was allegedly trying to extract from Nike.

"Look, Scott, listen. I'm not f-king around with this," a voice identified as Avenatti's says in one of the recordings. "I'm not continuing to play games. This isn't complicated.

"A few million dollars doesn't move the needle for me," Avenatti allegedly continued. "I'm just being frank with you.

"I'm going to take \$10 billion off your client's market cap," he said, in an apparent threat to torpedo the company's stock by going to the New York Times with his allegations.

The parties agreed to sit down in Manhattan the next day, a meeting that Wilson said "felt like the 'Twilight Zone.'

"I was trying to keep a straight face, an even demeanor, but I was really quite shocked," said Wilson, referring to Avenatti's alleged demands.

"Have you ever held the balls of a client in your hands, where you could take billions of dollars off their market cap?" Avenatti allegedly asked in that meeting. "This is gonna be a major f-king scandal."

Avenatti — who rose to prominence representing porn star Stormy Daniels over claims she had a pre-White House affair with President Trump — has pleaded not guilty.

He's fighting legal troubles on multiple fronts, also facing allegations that he stole \$300,000 from Daniels, as well as a California suit for allegedly ripping off a paraplegic former client.

Epstein

How Is It Possible That the Prince Andrew Scandal Has Gotten More Complicated?

Vanity Fair

By Erin Vanderhoof

1/29/2020

When we last left Prince Andrew, the third child (and reported favorite) of Queen Elizabeth, he was attempting to get his life together after a disastrous interview about his friendship with Jeffrey Epstein made him headline news last November. For Andrew, that has meant a lot of driving around, attending some parties, not attending others, and sneaking past the paparazzi on Christmas Day. Since then, he's been attending church with the queen and generally keeping mum. But somehow, the scandal about him and his friendship with Epstein is continuing to get more complicated.

For starters, not everyone is staying as silent as the prince. In a press conference Monday, U.S. Attorney Geoffrey Berman said Andrew hasn't provided any information about Epstein to the FBI. "To date, Prince Andrew has provided zero cooperation," Berman said, even though Andrew has publicly said he would cooperate if asked. As recently as December, law enforcement sources told Reuters that Andrew was not a focus of the investigation, but did not say if he had been asked for information.

On Tuesday, Gloria Allred, an attorney representing some of Epstein's alleged victims but not Andrew's accuser ██████████, told BBC Radio 4 that she would try to subpoena Andrew if he were to step foot in the United States. "Certainly, if he ever came back to the United States—that would be one of the first things that I'm sure a lot of lawyers, including me, would want to do," she said. "If he has done nothing wrong, which appears to be what he has claimed, then why won't he talk to law enforcement?"

Later, a source close to the prince claimed that Berman had it wrong. "The duke is more than happy to talk to the FBI but he hasn't been approached by them yet," the anonymous friend said to the Daily Mail. "He is angry about the way this is being portrayed and bewildered as to why this was said in New York. It seems certain people are jumping the gun."

Ultimately this might not only be a matter for the FBI. On Tuesday night, the Sun claimed that a document they obtained through a freedom of information request shows that the Metropolitan Police are considering reopening the Epstein "pre-investigation" they originally closed in 2016. "There has been a renewed focus on Mr. Epstein's friends and associates which could potentially instigate further criminal and/or civil investigations against these individuals," the document said, adding that the pre-investigation "could be reopened in light of the current revelations and further victims coming forward."

So while this battle has largely been fought through the use of anonymous sources, one recent report has featured someone who wanted to use his name to speak out. Paul Page, a former police officer who worked as one of Andrew's protection agents from 1998 to 2004, spoke to the Sunday Mirror about the procedures he was supposed to follow anytime Epstein's ex-girlfriend and alleged conspirator Ghislaine Maxwell visited the prince. "The first occasion I had cause to meet Ghislaine was when the privy purse phoned down and said, 'We've got a guest coming for Andrew but the name is not to be entered in the book.' That was about 2001," he said, adding that she was a frequent visitor. The Palace declined to comment on Page's claims, but they pointed the Mirror toward his 2009 conviction for a £3 million investment fraud.

When Andrew stepped down from his public duties as a royal last November, the hope was that the embarrassing headlines aimed at the family might finally quiet down. But as long as prosecutors aren't happy with Andrew's performance, it seems the scandal might only get even more airspace. We'll just keep on adding red string to our conspiracy corkboards.

Atty Alleges 'Selective Prosecution' In Epstein Guard's Case

Law360

By Pete Brush

1/30/2020

Law360, New York -- A Manhattan federal judge on Thursday postponed the trial date for two guards accused of faking inmate checks at the jail where financier and convicted sex offender Jeffrey Epstein killed himself, as counsel for one guard said he plans to argue his client is being selectively prosecuted.

U.S. District Judge Analisa Torres set a June 22 trial date — pushing off a scheduled April date — and teed up a motion schedule to last into late May for defendant Michael Thomas, whose counsel Montell Figgins said he plans to ask for dismissal on the basis that his client is being unlawfully singled out.

"There's a high likelihood that we're going to make a motion to dismiss the indictment based on selective prosecution," Figgins told Judge Torres.

Thomas and a second guard, defendant Tova Noel, face charges that they covered up the fact that they failed to check on inmates — including Epstein, who had only recently been taken off suicide watch — in Manhattan Correctional Center's Special Housing Unit overnight from Aug. 9 to Aug. 10, the day Epstein was found dead from suicide in his cell.

Epstein, a wealthy private financial manager, was being held on charges brought by the U.S. attorney's office in Manhattan when he died. Prosecutors alleged Epstein had trafficked underage girls to perform sexual services for him at his homes in New York and Florida between 2002 and 2005.

Instead of examining cells the night Epstein died, the two guards "sat at their desk, browsed the internet, and moved around the common area," then conspired to falsely report that they had done the work, the feds say.

Prosecutors portray the case as straightforward — limited in time and scope to the night in question — and have said the trial should last at most a week. But Figgins told Judge Torres Thursday that he plans to broaden the scope of the case to show that his client should not have been charged.

After the hearing, Figgins told reporters that dozens of guards — as many as 100 — were subject to onerous working conditions at the facility. He decried the fact that only two stand charged.

"The death of Epstein puts light on this ugly situation that has been going on for a very long time," Figgins said. "They set these guards up for failure. Now, when a billionaire dies, they want to make them into scapegoats."

Thursday's hearing ended on a tense note, as counsel for Noel, Jason Foy, engaged in a heated exchange with Judge Torres over the trial date.

Having heard the trial would begin June 22, Foy invoked a personal travel schedule for parts of June in a last-minute bid to push it back much further — perhaps into the fall.

"We'll start on the 22nd of June," Judge Torres interjected.

"I don't understand," Foy said, trying to buy more time to argue for a further adjournment. Then, after the judge suggested he could use Skype for trial planning if he had to vacation prior to trial, Foy tried to break back in, saying, "No, no, no!"

"Sit down!" the judge then said repeatedly, raising her voice. "Counsel, I have directed you to sit down! You are trying my patience, counsel."

After the hearing, both Foy and Figgins said the struggle over the trial's length, scope and timing was not over. Foy conceded, however, that the vacation-planning gambit was not going to be repeated.

"I don't think the trial date is going to change for my personal schedule," he said.

Each of the defendants is on administrative leave without pay. Both have engaged in, and remain engaged in, plea talks, prosecutor Rebekah Donaleski told Judge Torres.

The government is represented by Rebekah Donaleski and Nicolas Roos of the U.S. Attorney's Office for the Southern District of New York.

Thomas is represented by the Law Offices of Montell Figgins.

Noel is represented by Jason Foy of Foy & Seplowitz LLC.

The case is U.S. v. Noel, case number 1:19-cr-0830, in the U.S. District Court for the Southern District of New York.

Parnas

New Audio Appears to Show Ex-Giuliani Pal Lev Parnas at Dinner With Trump

The Daily Beast

By Betsy Swan and Adam Rawnsley

1/30/2020

New audio released Thursday by Lev Parnas' lawyer Joseph A. Bondy appears to show former Rudy Giuliani associates Parnas and Igor Fruman attending an April 2018 fundraising dinner with President Donald Trump along with former Republican Rep. Pete Sessions.

The recording marks the second substantial release of audio showing Parnas interacting with the president at a fundraising event.

Federal prosecutors in Manhattan charged Parnas in October 2019, alongside his business partners Igor Fruman, David Correia, and Andrey Kukushkin, with conspiring to make illegal campaign contributions on behalf of a foreign donor. Parnas and his associates have all pleaded not guilty.

Trump has downplayed his association with Parnas and told reporters: "I don't know who this man is."

The recording contains audio of Trump speaking with donors at his Mar-a-Lago private club in Florida and seeking their support ahead of the 2018 midterm elections. At one point, Trump asked then Republican Congressman Pete Sessions to brief donors on the status of the GOP's midterm prospects. "We are losing some 40 members of congress who have chosen one way or another to leave," Sessions said. "That is probably the intrinsic value of why we're a little worried at this point. We've got to get back a little bit of momentum."

Sessions is widely believed to be the "Congressman One" described in the federal indictment of Parnas and his associates. The charges allege that Parnas and Fruman committed to raise \$20,000 for a political action committee's re-election efforts on Sessions behalf as they sought his assistance in removing then Ambassador to Ukraine Marie Yovanovitch from office. Prosecutors claim the effort was directed and subsidized by an unnamed foreign donor.

Sessions has not been accused of wrongdoing and has said he is cooperating with prosecutors in their investigation of Parnas and his associates.

The recording also contains Trump's response to Dr. Rim Albezem, a Syrian-American cardiologist and activist opposed to the Assad regime, after she told the president about the sale of oil from U.S.-controlled areas of Syria to the Assad regime.

"We control the area militarily. And you're saying Assad benefits by it?" Trump asked Albezem. "I'm not surprised."

"You know we control that area and my guys are always saying 'Sir, we control it for the oil.' I say 'Where's the money go?' They have no clue. They're generals. They're good fighters but they're not into money."

Parnas hired Giuliani, who serves as President Trump's personal attorney, in 2018 seeking help with a business venture called Fraud Guarantee. Giuliani allegedly later used Parnas as a fixer in Ukraine as the former New York City mayor attempted to dig up compromising information on former Vice President Joe Biden's son Hunter.

At the end of a video taken at the dinner, Parnas can be seen posing for pictures alongside President Trump offering a large thumbs up. Pictures from the photo opportunity were first tweeted by Bondy in mid-January.

Terrorism and International Narcotics

Virgil Griffith

Ethereum Dev Virgil Griffith Pleads Not Guilty to Violating North Korea Sanctions

CoinDesk
Nikhilesh De
1/30/2020

Ethereum developer Virgil Griffith pleaded not guilty to a charge of conspiracy to violate the International Emergency Economic Powers Act on Thursday.

Griffith was arrested in November on allegations he spoke at a cryptocurrency conference in North Korea last year, where he allegedly taught his audience how to use cryptos to evade sanctions. A complaint published by the U.S. Attorney's Office for the Southern District of New York claimed Griffith detailed how crypto could be used to launder money, and may even have tried to facilitate a transaction between the Democratic People's Republic of Korea (DPRK) and South Korea.

A grand jury indicted him earlier this month, and Griffith was released on bail.

Griffith's attorney, Brian Klein, said in a statement that Griffith "should not have been indicted."

"We are going to vigorously contest the charge and look forward to getting all the facts in front of the jury at trial," he said at the time.

If convicted, Griffith would face a maximum of 20 years in jail.

Assistant U.S. Attorney Michael Krouse said Thursday the government has already produced an initial set of documents for discovery, including statements Griffith made to the FBI. The government anticipates making a second production within two weeks.

Klein, Griffith's attorney, asked Judge P. Kevin Castel if the defense would be able to obtain records pertaining to any interviews the FBI held with other conference attendees, particularly any attendees who might be able to refute the allegations. "We anticipate these other attendees will exonerate our client," Klein said.

Krouse said the defense had no basis to make the request, but the government would comply with production requirements under federal rules of civil procedure.

Judge Castel did not make a firm ruling on the request, instead telling Klein, "If there's an application under [the rules], I would expect you and encourage you to make it as soon as possible."

Klein and Krouse declined to comment after the hearing.

A status update hearing is tentatively scheduled for March 17.

Griffith attended Thursday's hearing in a gray suit.

White Plains

Grogg

HV Businessman Accused Of Failure To Pay Payroll Taxes

Patch

By Michael Woyton

1/30/2020

POUGHKEEPSIE, NY — A Dutchess County man was accused of not paying payroll taxes. Geoffrey S. Berman, the U.S. Attorney for the Southern District of New York, announced Thursday federal tax charges against William R. Grogg, 69, of Millbrook, for willfully failing to pay payroll taxes for his company and obstructing the administration of internal revenue laws.

"As alleged, William R. Grogg failed to pay over payroll taxes for his company for years, and then lied to the IRS about it," Berman said. "This cost the government hundreds of thousands of dollars in tax revenue. Grogg now faces 18 counts of criminal tax charges, and the possibility of time behind bars."

According to prosecutors, since the late 1980s, Grogg worked in the printing and publishing industry in and around Poughkeepsie. In his more than three decades in the industry, he has owned, managed and/or had significant control over the financial affairs of a number of printing and publishing companies, including Hamilton Reproductions Inc.; Hamco, which was later called Netpub Corporation; Netpublications Inc. and MCA-Netpub.

In 1994, the IRS assessed a civil penalty of more than \$368,000 against Grogg who authorities said was responsible for the failure to pay the IRS payroll taxes owed by Hamilton Reproductions.

Authorities said Grogg also failed to turn over to the IRS payroll taxes for his other companies, including one in which he utilized a third-party payroll service.

In addition, when Grogg was contacted by the IRS about his payroll tax compliance, prosecutors said he made false statements in writing and during interviews that attributed the ownership of his companies to a deceased Canadian businessman and that business records were kept in a garage and were destroyed in a flood.

Berman said that Grogg was charged with 17 counts of knowingly and willfully failing to pay over Netpublications' and MCA's payroll taxes, each of which carries a maximum sentence of five years in prison, and one count of corruptly endeavoring to obstruct and impede the due administration of the internal revenue laws, which carries a maximum sentence of three years in prison.

Matters of Interest

Weinstein

At Harvey Weinstein trial, prosecutors try to overcome image of a 'harmless old man' in court

The LA Times

By James Queally, Laura Newberry

1/30/2020

NEW YORK — Moments before opening statements in his landmark criminal trial last week, Harvey Weinstein entered the courtroom hanging onto another man's arm, looking as if he'd collapse to the ground if left to walk on his own.

Moving slowly with a pronounced limp, the 67-year-old disgraced Hollywood titan was led to the defense table. Other days, he would use a walker to reach his seat.

As Manhattan Assistant Dist. Atty. Meghan Hast outlined the horrific acts Weinstein is accused of, she repeatedly described a very different version of the mogul — a hulking, towering figure who enjoyed an extreme height and weight advantage over the women he was accused of terrorizing.

"The man seated on that side of the courtroom, despite what your eyes are looking at, is not a harmless old man," Hast said.

Through the first week of testimony at Weinstein's sexual assault trial, prosecutors have continually asked witnesses to describe the mogul's girth and physical stature in the early 1990s, 2006 and 2013 — the time frames in which three different women say Weinstein raped them in Manhattan.

Causing jurors to focus on images of a confident, 6-foot, 300-plus-pound version of Weinstein from back then, rather than the frail man struggling to stand on his own two feet now, could play a significant role in deliberations, legal experts say.

"If you're not a fully functioning human, the judge or jury may make a conscious or subconscious calculation: that you can't be held fully responsible for your actions," said Wendy Murphy, a professor of sexual violence law at New England Law in Boston and a former sex crimes prosecutor.

Weinstein is charged with first-degree rape, two counts of predatory sexual assault, one count of first-degree sexual assault and one count of third-degree rape. He has denied all wrongdoing and his attorneys have argued that each alleged assault was a consensual affair.

Weinstein underwent spinal decompression surgery in December, just weeks before his trial was set to begin, leaving him bent over and reliant on a walker. The mogul has said the surgery was needed because he developed severe back pain after he was involved in an August 2019 car crash in Bedford, N.Y.

Bedford police, however, have said Weinstein was not hospitalized as a result of the crash and that there were no injuries reported to them on the day of the accident.

Four of Weinstein's accusers have taken the stand in the last week, and prosecutors have asked each to contrast their own slight frames with the mogul's. Pictures of the Miramax co-founder's barrel-like build have been displayed on a

projector between the jury box and the witness stand day after day, oftentimes dwarfing the women who were detailing their allegations just a few feet away.

As actress Annabella Sciorra recounted the night she says Weinstein forced his way into her apartment and raped her in 1993 or 1994, she described herself as a full foot shorter and nearly 200 pounds lighter than he was. At one point, prosecutors asked her to stand up and demonstrate why she couldn't run past him to escape.

"He kept coming at me and I felt very overpowered because he was very big," she said last week.

Tarale Wulff and Mimi Haley, who both say Weinstein raped them in his SoHo apartment in 2005 and 2006, respectively, gave similar descriptions of how the mogul used his height and bulk to back them farther into his residence, until they wound up trapped in a bedroom with him.

Wulff, who testified Wednesday, said she met Weinstein while she was working as a waitress at Cipriani's in Manhattan in 2005. She claimed Weinstein, a friend of the venue's owner, led her away from a VIP area and into an unused terrace section of the restaurant, where she said he masturbated under his clothes in front of her.

A few weeks later, after agreeing to what Wulff said she expected to be an audition at Miramax's New York offices, she said he raped her.

"He was certainly bigger and heavier and weighed me down," said Wulff, whose case is not among those charged because the crime is too old to prosecute.

Weinstein and his associates have denied the back surgery was timed to have any influence on the trial.

"It was a back problem that grew more painful and worsened with every step he took after that accident, which eventually led to the need for the surgery," said Juda Engelmayer, a spokesman for Weinstein. "There is no strategy on this. Harvey would prefer to be healthier and walking without assistance."

Weinstein was alone in his Jeep on the morning of Aug. 17 when he was involved in a crash in Westchester County, N.Y., according to Lt. Andrew Bellantone, public information officer for the Bedford Police Department. Weinstein's car landed on its side, and he told police he was trying to avoid a deer in the roadway, Bellantone said.

Weinstein was not treated for any injuries on the scene, according to Bellantone, who described the incident as "a whole lot of nothing."

A New York doctor did, however, affirm that Weinstein was "totally incapacitated" on a disability certificate signed shortly before the mogul underwent surgery last month, according to a document reviewed by The Times.

Legal experts said it is not uncommon for a defendant to try to appear nonthreatening or put distance between their current appearance and their image at the time of an alleged crime.

Murphy pointed to the 2005 criminal trial in which Michael Jackson was accused of molesting a 13-year-old boy. Jackson appeared one day in a Santa Barbara County court wearing pajamas and limping awkwardly. The larger-than-life pop star seemed small and childish in that moment, and mentally unwell, according to Murphy.

Bill Cosby was met with skepticism in 2017 when he revealed that he had gone blind in an interview published just one month before his trial on sexual assault charges in Pennsylvania began. The comedian, who faced a wave of accusations

similar to those against Weinstein, claimed he'd woke up unable to see nearly two years beforehand. He was ultimately convicted of drugging and molesting a Temple University employee.

Murphy said that a defendant's diminished physical and mental state — or the appearance of one — sometimes translates into reduced charges or punishment, even when a defendant is found guilty.

"If I had a nickel for every one of those cases in my career where a guy was perfectly fine and then he shows up with wheelchair or cane," Murphy said, adding there is usually no way to know whether the defendant is feigning their condition.

The same will likely remain true in Weinstein's case. Despite the potential of his appearance to influence the jury, any evidence or argument around the necessity of his surgery would almost certainly be inadmissible unless he chooses to testify, according to Dmitriy Shakhnevich, a criminal defense attorney who now teaches at the John Jay School of Criminal Justice in Manhattan.

Whether or not the surgery was strategic, Shakhnevich warned that the timing could backfire, regardless if jurors become skeptical that Weinstein is seeking to manipulate them.

"I don't know if it's going to win much sympathy," Shakhnevich said. "Some folks think that this is a timed surgery, that the medical procedure was timed with the trial."

Bolton

The longer GOP blocks Bolton, the more he will hurt them

The Washington Examiner

By Quin Hillyer

1/30/2020

Senate Republicans are digging their own political graves.

If Republicans do not allow at least a few witnesses into the Senate impeachment trial, they will pay a heavy political price if evidence emerges later proving deep corruption by President Trump.

Such evidence almost certainly will emerge.

When former national security adviser John Bolton goes on 60 Minutes showing contemporaneous, detailed notes of Trump outlining an explicit, thoroughly indefensible quid pro quo with Ukraine's president, Republican senators will be blamed for complicity.

When political fixer Lev Parnas releases yet more audiotapes, more photographs, and more emails all indicating Trump's perfidy, the Republican senators will be blamed.

When other witnesses turn over new evidence while looking for immunity in the investigation of Trump by the U.S. attorney for the Southern District of New York, the Republican senators will be blamed. They will be seen as having engaged in a cover-up. They will be seen as having undermined justice. They will be seen as having embraced all the dangerously extravagant theories expounded by Trump's lawyers during the trial, such as Alan Dershowitz saying that if a president self-defines his own political interest as being equivalent to the national interest, he can do almost anything he wants.

In truth, Republicans' electoral prospects this fall are already dire. Already, 27 Republican House members are retiring or seeking uncertain political promotions, many of them from competitive districts, whereas only nine Democrats are doing so. Six Republican-held Senate seats are thought to be in danger, whereas only one Democratic seat is seriously threatened. Democratic voters and donors are so fired up against Trump that House Republican Leader Kevin McCarthy is warning of a fundraising crisis, with Democrats "kicking our ass" on that metric.

Senate Republicans covering for Trump are letting all their chips ride on the intensity of the voters from Trump's base to carry them through to reelection, but that's a risky bet. Especially with highly controversial candidates, those supporters can suddenly reach a breaking point where enough is enough. I've seen numerous elections where support for high-risk candidates suddenly evaporated, resulting in massive, sudden swings in the polls — one from a dead heat to a 25-point loss in just three weeks.

Republicans who don't hedge their bets by at least allowing witnesses will have no chance to survive if Trump takes a dive. The remaining Republicans would face increasing odds of finding themselves a powerless minority against an enraged and emboldened Democratic majority absolutely out for blood.

Republican senators ought to allow witnesses because it's the right thing to do — on multiple levels. Yet if they lack the character or wisdom to do the right thing for its own sake, then pure political fear ought to supply what James Madison

called “the defect of better motives.” For political self-preservation, Republican senators should call witnesses — even if only to cover those backsides that McCarthy says are being kicked.