

From: "Biase, Nicholas (USANYS)" <[REDACTED]>

To:

Cc:

Subject: SDNY NEWS CLIPS 7/15/2019

Date: Mon, 15 Jul 2019 21:08:48 +0000

Importance: Normal

Attachments: 2019_7-15.pdf

SDNY News Clips
Monday, July 15, 2019

EFTA00064799

[Contents](#)

[Public Corruption](#)

[Epstein](#)

[Person](#)

[Trump Org.](#)

[Securities and Commodities Fraud](#)

[Montroll](#)

[Complex Frauds and Cybercrime](#)

[DMX](#)

[Matters of Interest](#)

[Most Migrants at Border With Mexico Would Be Denied Asylum Protections Under New Trump Rule](#)

Public Corruption

Epstein

What We Learned From Jeffrey Epstein's Bail Hearing

New York Magazine

By Adam Raymond

7/15/19

A federal judge on Monday delayed a decision on bail for Jeffrey Epstein, who is locked up at the Metropolitan Correctional Center following his arrest last week on sex-trafficking charges. U.S. District Judge Richard Berman said he will deliver his decision Thursday.

Epstein's lawyers argued that the 66-year-old should be allowed to await trial at his \$77 million Manhattan mansion. He offered the home itself and his private jet as collateral for his bond. His lawyers also said he'd de-register his jet, hand over his passport, and agree to electronic monitoring.

But prosecutors were not interested in granting Epstein the privilege of going home. They argued that Epstein is both a flight risk and a danger to the community. We'll find out Thursday if Judge Berman agrees. In the meantime, here's everything we learned at Monday's hearing:

Police found some eyebrow-raising things in Epstein's house.

Shortly after the FBI raided Epstein's Upper East Side mansion just over a week ago, the public learned about some of what they found, including nude photos of what appeared to be his underage victims. At Monday's hearing, prosecutors revealed more.

FBI agents found "piles of cash," a haul of diamonds, and, most interestingly, a decades-old passport listing Epstein's place of residence as Saudi Arabia. The passport, whose issuing country was not clear, had Epstein's picture on it but a different name.

We learned a little about Epstein's finances.

The mystery of Epstein's wealth unraveled a tiny bit Monday when prosecutors revealed that they had seen evidence that Epstein is worth at least \$500 million. Records show he has one bank account with \$110 million in it.

Still, the broader picture of Epstein's finances is incredibly murky. "How much money does he have? Where is it? ... How much of it is in diamonds or art?" U.S. Attorney ██████████ asked the court. Judge Berman said he was unsatisfied with the financial documents that Epstein's lawyers filed. "Respectfully, I don't think the financial summary" is sufficient, he said, according to reporter Adam Klasfeld. "For one it's an unverified ... unaudited, and not very detailed either."

"It seems to me there has to be a fuller financial picture to know what would be appropriate," Berman added.

More accusers are coming forward.

Prosecutors told the court that new accusers have come forward to claim that Epstein abused them while they were underage. Rossmiller, who did not reveal how many new accusers there were, said the case is "already significantly stronger and getting stronger every single day."

Two women who said they were girls when Epstein abused them were at the hearing Monday. They both spoke to the court.

"Your honor, my name is [REDACTED] and I was sexually abused by Jeffrey Epstein at the age of 14. He is a scary person to have walking the street," said [REDACTED], who claimed Epstein abused her in Palm Beach.

"I was 16 years old when I had the misfortune of meeting Mr. Epstein here in New York," [REDACTED] said. She told Berman that she does not think Epstein should receive bail.

Jeffrey Epstein had cash, diamonds and a foreign passport stashed in safe, prosecutors say

NBC News

By Tom Winter and David Li

7/15/19

Agents unearthed a "pile of cash, diamonds" and "a passport from a foreign country" in a safe belonging to Jeffrey Epstein, prosecutors told a judge Monday during a bail hearing for the wealthy financier and accused sex trafficker.

Federal authorities are arguing for Epstein to be denied bail and to remain behind bars until he's tried for sex-crime charges in acts allegedly involving underage girls.

"Just this morning, the government became aware of a safe that contained a pile of cash, diamonds, a passport from a foreign country with a picture of the defendant under another name," Assistant U.S. Attorney [REDACTED] told U.S. District Judge Richard M. Berman.

The judge seemed surprised by the passport revelation and asked Rossmiller: "Say that again?"

"The passport was issued in the name of a foreign country, it was issued in the 1980s, it is expired, it shows a picture of Jeffrey Epstein, and another name," Rossmiller said, adding the passport showed Epstein's residence as Saudi Arabia.

Earlier in the two-hour-long hearing, Berman said he would not rule on Epstein's bail request until Thursday.

Image: Jeffrey Epstein appears in a photo taken for the NY Division of Criminal Justice Services' sex offender registry

U.S. financier Jeffrey Epstein appears in a photograph taken for the New York State Division of Criminal Justice Services' sex offender registry in 2017. New York State Division of Criminal Justice via Reuters

Two women testified they were victims of Epstein and asked that he remain jailed.

"I was 16 years old when I had the misfortune of meeting Mr. Epstein here in New York," said [REDACTED] adding she was there to voice her support for the prosecution's move to keep Epstein locked up.

When Berman asked if she was sexually abused, the witness responded: "He was inappropriate with me. I would prefer not to get into the details at this time."

Another woman, [REDACTED] said she was sexually abused by Epstein.

"Hi your honor, my name is [REDACTED] and I was sexually assaulted by Jeffrey Epstein at the age of 14," she told the court.

[REDACTED] who said she was "sexually assaulted by Jeffrey Epstein at the age of 14" also asked he not be released before trial.

"He is a scary person to have walking the street," she said.

Epstein wore blue jailhouse scrubs with a purple t-shirt during the hearing. He wrote and passed notes to his defense lawyers.

"He's going to defend this case," Epstein's lawyer Martin Weinberg said.

Epstein, 66, was arrested July 6 at a New Jersey airport after arriving from Paris and accused of sex trafficking and conspiracy. He faces up to 45 years in prison on allegations that he sexually abused dozens of underage girls at his homes in New York and Florida between 2002 and 2005.

Epstein is also accused of paying his victims to recruit others, allowing him to build a vast network of girls to exploit. He has pleaded not guilty.

His arrest came more than a decade after he signed a controversial non-prosecution deal in 2008 that allowed him to dodge a federal indictment alleging he abused several underage girls.

Epstein ultimately pleaded guilty to state charges of soliciting minors for prostitution, and served a 13-month sentence in a Florida county jail. He was forced to register as a sex offender under that deal.

Since the wealthy financier was nabbed off his private plane at Teterboro Airport in New Jersey, he's been locked up at the Metropolitan Correctional Center in New York City. He's pleaded not guilty to the two-count indictment.

Federal agents conducting a search of his lavish Upper East Side townhouse found "an extraordinary volume of photographs of nude and partially-nude young women or girls," prosecutors say in court papers.

Federal prosecutors have said Epstein poses an "extraordinary risk of flight" given his exorbitant wealth, private planes and international ties.

On Friday, they said Epstein needs to be kept locked up because he has a history of seeking to "influence" possible co-conspirators.

He wired \$350,000 to a pair of possible co-conspirators just days after the publication of a newspaper story alleging he sexually abused dozens of underage girls, according to prosecutors. They said the payments were made last November after the bombshell Miami Herald story came out about his crimes and favorable plea bargain, demonstrating his alleged willingness to tamper with witnesses.

"This course of action, and in particular its timing, suggests the defendant was attempting to further influence co-conspirators who might provide information against him in light of the recently re-emerging allegations," the prosecutors wrote in court papers arguing against Epstein's bail.

In their court papers, Epstein's lawyers proposed that his bond be secured by a mortgage on his Manhattan mansion, valued at \$77 million. They say his private jet can be pledged as collateral.

Epstein's arrest shed renewed light on the deal he struck in 2008 with local and federal prosecutors in south Florida. The U.S. attorney in Miami at the time was Alex Acosta, who went on to become labor secretary for President Donald Trump.

During a lengthy press conference last Tuesday, Acosta defended the deal, saying it was the best prosecutors could do at the time. Acosta resigned Friday.

Prosecutors have said Epstein has long made a habit of bringing in teenage girls he paid for "massages" at his West Palm Beach, Florida, estate in the early 2000s.

Jeffrey Epstein's Safe Had 'Piles of Cash' and a Fake Passport, Prosecutors Say

The New York Times

By Benjamin Weiser and Ali Watkins

7/15/19

Investigators discovered a safe in Jeffrey Epstein's Manhattan mansion that held "piles of cash," diamonds and an expired passport from a foreign country which had what appeared to be Mr. Epstein's photo, but was registered to a fake name and listed his residence as Saudi Arabia.

Prosecutors revealed the safe's contents as they argued in Federal District Court in Manhattan that Mr. Epstein should be denied bail before his sex-trafficking and conspiracy trial because he was a flight risk and a danger to the community. He is accused of abusing dozens of underage girls at his residences in New York City and Palm Beach, Fla.

Two women who say they were sexually abused by Mr. Epstein also spoke at the hearing, urging Judge Richard M. Berman to deny him bail.

"He's a scary person to have walking the streets," said [REDACTED] one of Mr. Epstein's accusers, who said she was assaulted at age 14.

Judge Berman said he would not rule until Thursday about whether Mr. Epstein should be granted bail while he awaits trial.

Mr. Epstein had proposed in court papers that he be allowed to remain under house arrest in his \$56 million mansion on the Upper East Side, and pay for 24-hour security guards who would ensure he did not flee.

His attorneys say Mr. Epstein has been law-abiding for more than a decade.

“He didn’t re-engage in this activity,” one of his lawyers, Martin Weinberg, told the judge on Monday, adding, “It’s not like he’s an out-of-control rapist.”

But prosecutors, citing what they called Mr. Epstein’s “yearslong scheme to sexually abuse underage girls” and his fortune of at least \$500 million, have argued that Mr. Epstein would pose a danger to the community and might flee the country if granted bond.

The government had also said Mr. Epstein might try to obstruct justice if he were given bail. Prosecutors said that last year he wired \$350,000 to two people who were potential witnesses against him at a trial.

Mr. Epstein’s lawyers said on Monday that the payment could have been “an act of generosity” to Mr. Epstein’s associates, and that government lawyers were unable to prove otherwise.

Mr. Epstein, 66, who faces up to 45 years in prison if convicted on the charges, has been held since his July 6 arrest in the Metropolitan Correctional Center in Lower Manhattan, a highly secure jail that has housed accused terrorists, mobsters and, recently, the Mexican drug lord El Chapo.

In 2008, Mr. Epstein pleaded guilty to two state charges in Florida as part of a secret deal with federal prosecutors to satisfy a potential indictment on similar charges. He ended up serving a 13-month sentence in a local jail and avoided federal prosecution.

That deal was brokered by R. Alexander Acosta, a former United States attorney in Miami who resigned last week as President Trump’s Labor Secretary after public outrage over the Epstein agreement reached a fever pitch.

On Monday, defense lawyers for Mr. Epstein listed four additional Justice Department officials — two of whom now hold high-level government positions — who approved Mr. Epstein’s deal at the time.

Beyond Mr. Acosta, the agreement not to prosecute Mr. Epstein was approved by [REDACTED] then the deputy attorney general, and [REDACTED] who at the time led the Justice Department’s criminal division. Both have since departed the government for private practice.

According to Mr. Epstein’s lawyers, the deal was also cleared by [REDACTED] and [REDACTED] who were both senior officials in the Justice Department.

Ms. [REDACTED] is currently [REDACTED] for the Department of the Treasury, and Mr. [REDACTED] serves as [REDACTED] [REDACTED] for the Department of Homeland Security.

At the time, Mr. Epstein’s lawyers said, government officials acknowledged federal interest in the case but upheld Mr. Acosta’s authority to negotiate the deal.

Keep Jeffrey Epstein in Jail, Alleged Victims Say, as Feds Find Cash, Diamonds

Yahoo News

By Bob Van Voris, Chris Dolmetsch, and Patricia Hurtado

7/15/19

As two alleged victims of Jeffrey Epstein urged a judge to keep him locked up, prosecutors said they had found piles of cash, dozens of diamonds and an expired foreign passport, with Epstein's picture and a different name, in a safe in his Manhattan mansion.

"He's a scary person to have walking the street," [REDACTED] who claims Epstein sexually abused her at 14, said at his bail hearing Monday in Manhattan. She asked U.S. District Judge Richard Berman to deny bail to the 66-year-old money manager and keep him locked up "for the safety of any other girls who are going through what I'm going through."

Epstein, arrested in New Jersey on July 6 after stepping off his private jet from Paris and charged with sex trafficking of minors and conspiracy, will learn on Thursday morning whether he will return to his home or to the jail he now shares with Paul Manafort and Joaquin "El Chapo" Guzman. Epstein, who has pleaded not guilty, is accused of molesting girls from 2002 to 2005 and could spend the rest of his life in prison if convicted.

"He was inappropriate with me," [REDACTED] told the judge, trembling as she spoke and accompanied by her lawyer, David Boies. "I'd prefer not to go into the details of that at this time."

Boies represents three women who say Epstein molested them when they were girls.

What About Madoff?

Epstein's lawyers said their client was being prosecuted a second time for acts that ended in 2005 and were resolved in a non-prosecution agreement in 2007. Since then, they argued, Epstein had engaged in "14 years of self-discipline," hadn't broken the law and had complied with all the requirements of his sex-offender status. They noted that other prominent defendants, including Bernard Madoff, had been released on bail and appeared in court.

Prosecutors, pointing to Epstein's wealth, told Berman no conditions would ensure his appearance and that the bail terms he has proposed -- a "substantial" bond, a GPS ankle bracelet and confinement to his home under watch by a "trustee" -- would establish a "gilded cage" from which he could still pay off or intimidate witnesses, as they claim he has as recently as December.

Arguing that Epstein is a flight risk, Assistant U.S. Attorney [REDACTED] said that in addition to the trove of cash and diamonds FBI agents found were works of art he hadn't accounted for in a one-page financial disclosure he filed with the court. Berman called the disclosure "cursory," saying that it "does not fully assist me" in deciding whether to free Epstein on bail or remand him to the Metropolitan Correctional Center.

Berman seemed skeptical of arguments that Epstein must be released to adequately prepare a defense. The judge said other prominent defendants had been able to consult their lawyers while detained and noted that the charges in this case typically don't allow for bail. He said he would rule Thursday morning at 9:30 on Epstein's request to remain confined to his Manhattan mansion.

Witness Tampering?

Prosecutors said Epstein had made two payments totaling \$350,000 two days after the Miami Herald published a series on his alleged crimes in November. Epstein's lawyer Martin Weinberg said there had been no effort to derail any investigation and that these were merely payments to a former employee and a friend.

"This is not witness tampering simply because the Miami Herald wrote an article," Weinberg said.

Boies told Berman he had a civil suit pending against Epstein at the time and that after the fund manager made the payments, witnesses who had been cooperating suddenly no longer spoke to him. Boies then stood alongside [REDACTED] who approached the courtroom podium and stopped about five feet from Epstein to speak.

EFTA00064804

"I was 16 years old when I had the misfortune of meeting Jeffrey Epstein in New York," ██████ said. "He later flew me to New Mexico. I want to voice my support that he not be set free."

Trove of Photos

Noting that Weinberg had argued that his client's wealth had been an "incentive" to many women to claim to be victims, she said instead it had made it harder to come forward against Epstein and his team of lawyers.

"It's the opposite," she said. "His wealth and privilege would often make it more difficult."

She disputed Weinberg's argument that Epstein had engaged in "self-discipline" after winning the non-prosecution agreement, noting that FBI agents said they had turned up hundreds and perhaps thousands of pictures of nude women and girls at his home.

"The victims in these photos are continuing to be victimized," ██████ said.

Epstein is worth more than \$500 million, earns more than \$10 million a year and has used his wealth to pay off and intimidate witnesses, prosecutors said in a court filing Friday, citing records obtained from a financial institution, which wasn't named.

That filing followed one on Thursday in which Epstein's lawyers argued for their client's release. In addition to the bond and GPS bracelet, they told Berman that Epstein would ground his private jet and consent to extradition from any country he might run to. If necessary, they said, he would hire armed guards to watch him 24 hours a day.

The case is U.S. v. Epstein, 19-cr-00490, U.S. District Court, Southern District of New York (Manhattan).

How the Epstein fortune may be up for grabs

The Washington Post

By Peter Whoriskey and Abha Bhattarai

7/15/19

It's not just his freedom that's at stake. It's his fortune.

The criminal prosecution of New York moneyman Jeffrey Epstein on charges of sex trafficking and the lawsuits stemming from it could dwindle his financial empire to nothing, attorneys with knowledge of the case said.

While much of the legal sparring that began with an indictment last week has focused on questions of Epstein's freedom, a secondary struggle may determine how much money Epstein has — and what he will owe and to whom when it's all over.

Whether Epstein is a billionaire, as he has been routinely described, is difficult to know. None of the known paper trail establishes a fortune of that magnitude. But by most accounts he has substantial wealth, and the legal assault upon it has begun.

Jeffrey Epstein was charged July 8 with sex trafficking crimes and pleaded not guilty. The Post's Kimberly Kindy breaks down the charges. (Video: Allie Caren/Photo: Osman Malik/The Washington Post)

During a hearing Monday in a New York federal courtroom, prosecutors and Epstein's attorneys made arguments before U.S. District Judge Richard Berman about whether Epstein should be released pending trial and, if so, what the conditions of release should be. Berman said during the hearing he plans to make a ruling Thursday and that a pre-trial services report recommends Epstein be detained, according to multiple news reports.

Epstein resolved a similar investigation years ago by striking a plea deal with prosecutors under which he spent 13 months in jail. The deal has been criticized as too lenient and on Friday, the prosecutor who approved it, Alexander Acosta, announced he was stepping down as U.S. labor secretary.

In addition to seeking prison time for Epstein, federal prosecutors have signaled they will aim for the forfeiture of his \$60 million New York home. Under federal law, properties such as his \$13 million Palm Beach home, his properties in the Virgin Islands, his jets and a \$12 million New Mexico ranch may be vulnerable to similar claims.

His defense attorneys and related expenses are likely to cost him tens of millions more.

And finally, lawsuits from the alleged victims — of which there are scores — could run over a billion, experts said. In all, these expenses could overtake his wealth.

“With aggressive lawyering for the victims, Mr. Epstein’s realistic financial exposure for criminal restitution in federal court is likely to exceed \$500 million, and the exposure in state court to exceed a billion,” said Paul Cassell, a University of Utah law professor, a former federal judge and a lawyer for one of Epstein’s alleged victims. “It’s easy to foresee 160 victims in this case and possibly more.”

Prosecutors in New York reportedly have said there could be hundreds of victims around the country, and the Miami Herald says it has identified as many as 80 alleged victims. Some already have sued and entered legal settlements with Epstein. In announcing the recent indictment, the Justice Department said Epstein had “a vast network of underage victims.”

Those victims may be entitled to collect money from Epstein for their economic losses, such as the expense of therapy, for their pain and suffering, and for punitive damages.

But it is his collection of real estate that is likely to be the first casualties in his legal war. Under federal statutes, prosecutors can seek the forfeiture of any properties where the sex trafficking may have taken place.

In order for the government to take a property in such cases, there has to be “some nexus between the property and the offense,” said Stefan Cassella a former federal prosecutor and expert on asset forfeiture and money-laundering law.

The indictment unsealed last week charges that the offenses occurred at Epstein’s New York and Palm Beach homes, suggesting that only those properties would be subject to forfeiture.

But if evidence shows that his jets or other residences were also involved, those also could be lost, Cassella said. The Santa Fe New Mexican reported last week that the New Mexico attorney general, Hector Balderas, is investigating whether Epstein committed any crimes in that state, where he owns a place called the Zorro Ranch.

Finally, beyond the financial penalties that could be exacted by federal prosecutors and the scores of alleged victims, are the substantial bills run up by his own legal team.

The team already is rich in celebrity. It has included Alan Dershowitz, the noted constitutional law professor, and Kenneth W. Starr, who investigated president Bill Clinton’s relationship with Monica Lewinsky.

“In a big time criminal prosecution, a defendant can easily spend millions and in some cases tens of millions of dollars through trial,” said Matthew L. Schwartz, a white collar defense attorney and a former federal prosecutor who worked on the Bernard Madoff case.

Against all those potential legal liabilities stands Epstein’s mysterious fortune, the magnitude of which is difficult to discern.

In fact, little is known about how Epstein, 66, the son of a Coney Island parks department worker, acquired his riches. While he is often described as a billionaire in media profiles, there is little in the public record, aside from his real estate,

to substantiate the claim.

In a 2013 civil court filing in Palm Beach County Circuit Court, Epstein responded to a question about his net worth without giving an exact figure. "I have already indicated my willingness to stipulate to a net worth in excess of one hundred million dollars," he wrote.

In the same court filing, he described himself as "self-employed and philanthropist," but said he could not provide answers "to questions relating to my financial history and condition" without waiving his constitutional rights.

Other court filings have suggested his holdings do not measure up to the billionaire claims, either.

One of the central questions around Epstein's financial operation concerned who, exactly, was investing with him. It was widely reported that his firm refused to take on clients with less than \$1 billion to invest. But who were these billionaire clients? Only one was known: Les Wexner, the founder of L Brands, a retail empire that includes Victoria's Secret and Bath & Body Works.

Yet in June 2002, Epstein's investment firm, Financial Trust Company, reported having only \$88 million in paid-in capital from shareholders, according to a recently unearthed court filing.

It's possible, of course, that his money sits in some other company. Epstein is linked to other companies whose assets are unknown. Another company, known as Southern Trust, shares the same address as Financial Trust Company, in St. Thomas in the Virgin Islands. (The financial advantage of the Caribbean location may be substantial: Companies there can reap tax breaks of as much as 90 percent on corporate and personal income taxes.)

But while seeking tax breaks on a Caribbean island may be the hallmark of a high-living plutocrat, many who have searched his record for clues to his wealth harbor doubts about the billionaire claims. Among them is Thomas Volscho, a sociology professor at the College of Staten Island — CUNY, who has been researching a book about Epstein. He unearthed the 2002 financial statement from Epstein's investment firm.

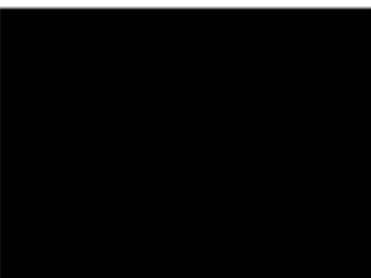
"I don't think he's a billionaire," Volscho said last week. "His wealth is possibly above \$200 million."

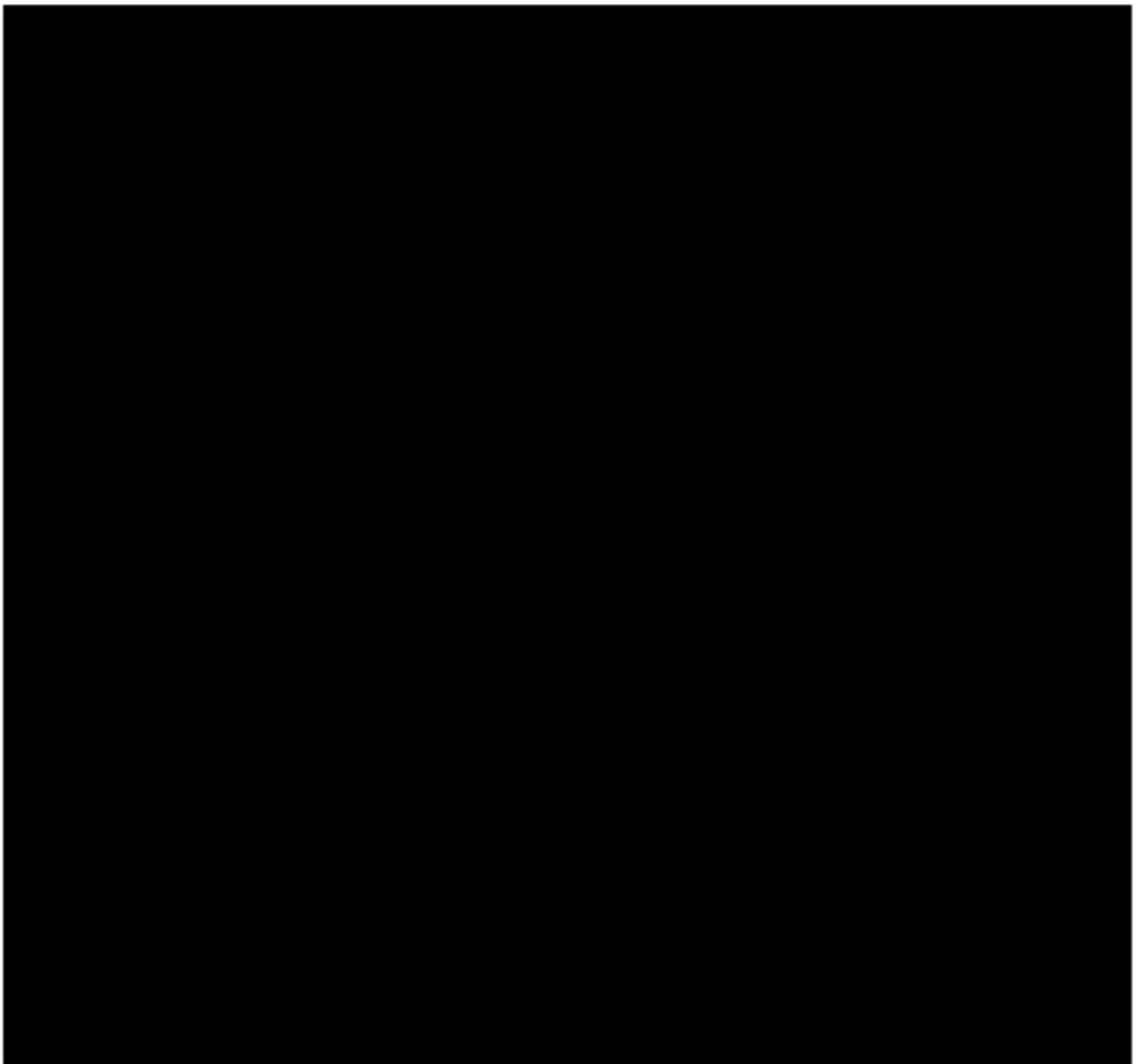
Whatever the outcomes of these investigations, the long-standing riddles posed by Epstein's fortune could be answered in the near future, as various parties who believe Epstein is in their debt — the federal government, alleged victims and defense attorneys — seek to collect.

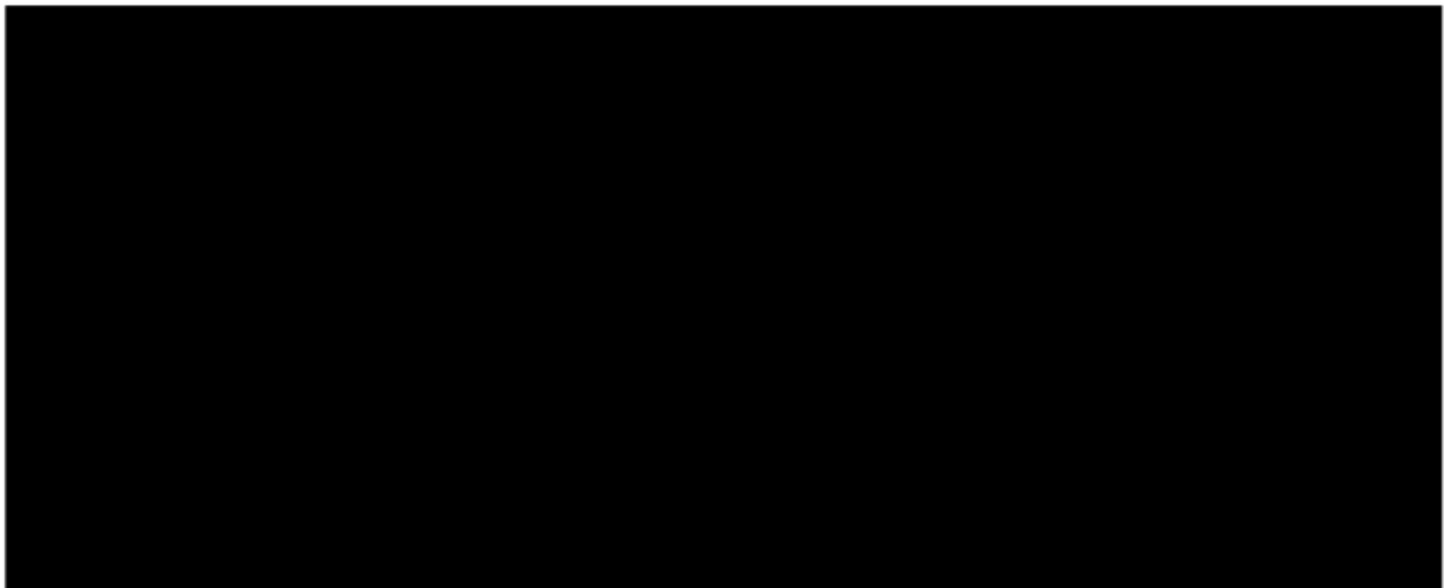
"Hiding money is difficult," said Stephen Harbeck, former president and chief executive of Securities Investor Protection, a federally chartered agency in Washington that safeguards brokerage accounts. "You can trace where the money came in and where it went out. Money goes through banks, and banks are required to make extraordinarily careful records."

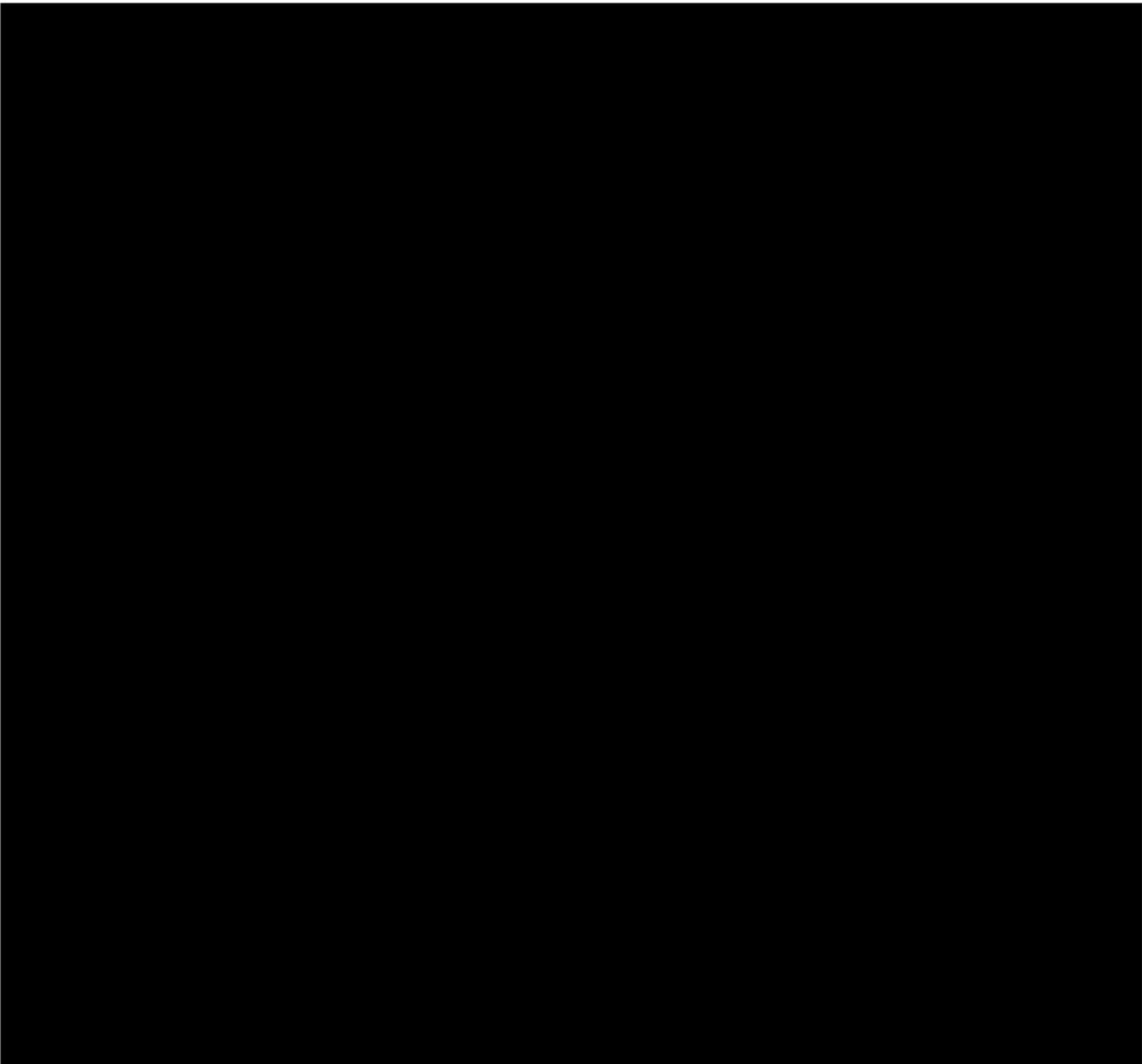
Person

Basketball corruption could upstage SEC Media Days









Per a new report from CNN, the president's oldest son has again evaded indictment by federal prosecutors for his role in



