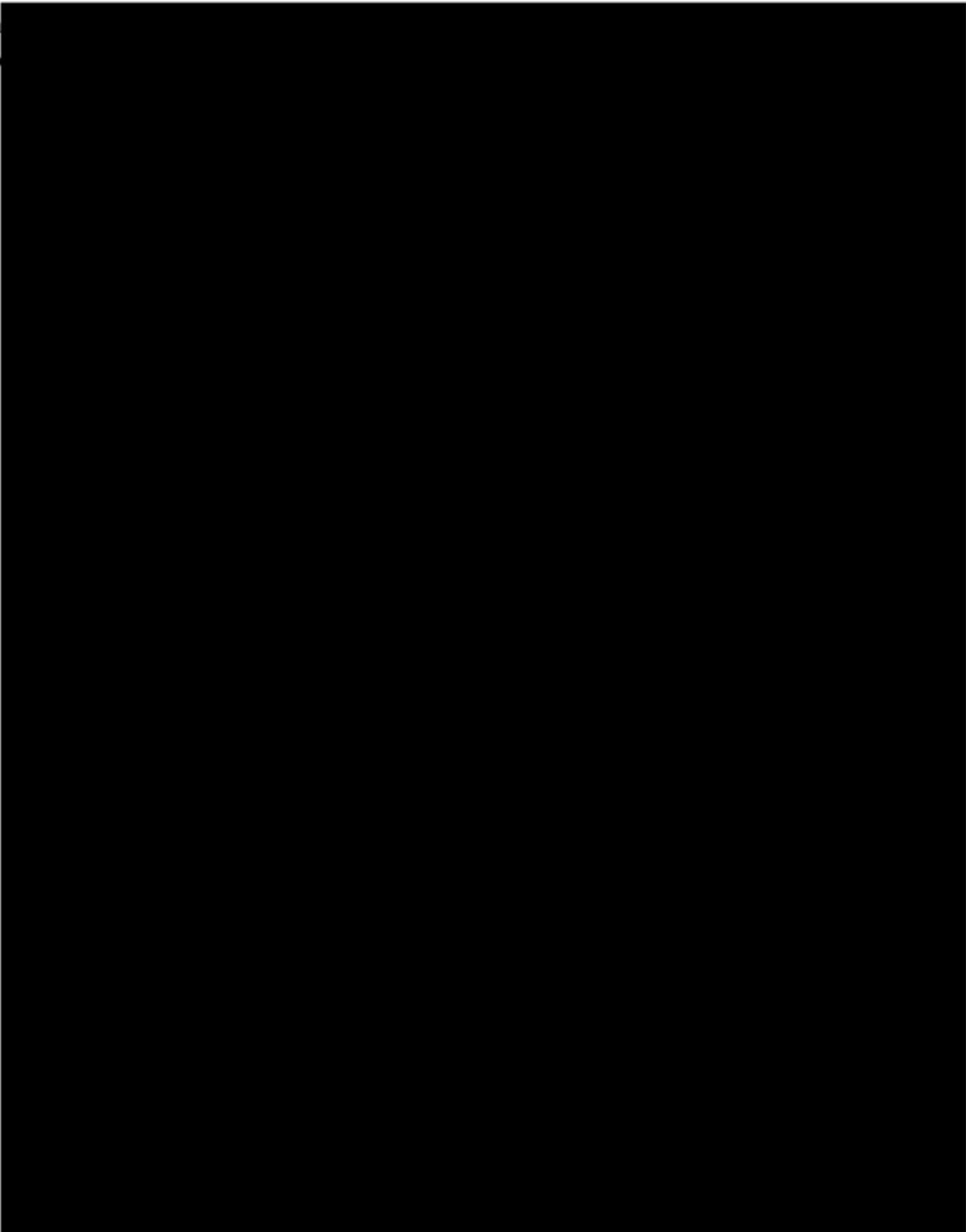


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Public Corruption

Parnas

How Lev Parnas' iPhone 11 Could Blow Up Trump's Senate Impeachment Trial

Vice

By Greg Walters

1/10/2020

Lev Parnas has a story to tell Congress about the time he and President Trump's attorney went hunting for dirt on former Vice President Joe Biden in Ukraine.

And he's already begun showing House Democrats the hard evidence to back it up.

Parnas' files, including the contents of his iPhone 11, are being delivered to Congress — perhaps just days before Trump's impeachment trial kicks off in the Senate. And that could spell trouble for Trump, who's insisted he doesn't know the Ukrainian-born businessman now facing criminal charges for allegedly making illegal donations to GOP campaigns on behalf of foreign interests.

Parnas' iPhone and other files could make things downright awkward for Trump by offering up fresh, documentary evidence that Parnas' links to Trumpworld were a lot closer than Trump has been willing to admit. Photos of Parnas posing cheerfully with the president and other high-ranking Republicans have already spilled out in public. And there's no telling what else Parnas has on that iPhone.

Parnas recently began sharing new files with the House Intelligence Committee in response to a Congressional subpoena issued in October, after the judge in his Manhattan criminal case granted him permission last Friday, Parnas' New York-based attorney, Joe Bondy, told VICE News earlier this week.

Impeachment investigators haven't yet said whether they'll ask Parnas, who has pleaded not guilty to the criminal charges, to actually show up on Capitol Hill and tell his story. But his documents and iPhone data could buttress his version of events if that happens, Bondy told the judge in a recent court filing.

"Review of these materials is essential to the Committee's ability to corroborate the strength of Mr. Parnas's potential testimony," Bondy wrote.

Videos and photographs of Parnas posing with Trump, Trump's personal attorney Rudy Giuliani, and top-ranking GOP officials have already caused a stir, and prompted questions about how close Parnas really was to all those major GOP players.

Bondy has suggestively tweeted some of those out himself, while publicly pressing members of Congress to invite his client to appear with the hashtag, #LetLevSpeak.

Parnas already reportedly handed over a batch of videos and photographs that include Trump and Giuliani, along with other documents, to House impeachment investigators back in November.

But the new batch includes materials that were seized by federal investigators at the time of his arrest in October, and have been held tightly by prosecutors as potential evidence until last week.

On Monday, Bondy tweeted a photograph of Parnas posing next to GOP House Minority Leader, Rep. Kevin McCarthy, adding: "call the witness."

McCarthy has acknowledged receiving a donation from Parnas, but said this week he doesn't actually know the guy, and couldn't remember where they met. And as soon as he realized where the money came from, he passed it on to "charity," McCarthy said.

The next day, Tuesday, Bondy tweeted out a picture of Parnas with both McCarthy and Vice President Mike Pence.

Parnas left behind a trail of evidence documenting his close relationship with Giuliani, including on a private Instagram account uncovered by The Wall Street Journal in October around the time of his arrest.

On Insta, Parnas lounged on a private jet with Giuliani, flaunted a signed thank-you note from Trump, and posed with Trump's son Don Jr. and Florida's Republican governor, Ron DeSantis.

Now, the question becomes what else the new documents and iPhone data might reveal about his ties to high-ranking figures in Trump's Washington, and about his role assisting in Giuliani's search for damaging information about Biden in Ukraine — topics of keen interest to Democrats in Congress who support Trump's impeachment and removal from office.

Prosecutors have accused Parnas of engaging in a scheme with an unnamed Ukrainian official to oust the former U.S. ambassador to Ukraine, Marie Yovanovitch, a move Giuliani also advocated. Yovanovitch's removal last spring became a key moment in House Democrats' impeachment investigation against Trump.

The House voted in December to impeach Trump for abusing his power by pressuring Ukraine to investigate Biden. The case will next be considered by the Senate, in a trial that's been delayed amid a dispute over whether to admit new witnesses and fresh evidence. That might include former National Security Advisor John Bolton, who has said he would testify if the GOP-controlled Senate actually subpoenas him.

Democratic House Speaker Nancy Pelosi has held up forwarding the impeachment articles to the Senate, saying she wants to see rules established that will ensure Trump gets a fair trial. On Friday, however, she told her House colleagues to get ready to hold a vote that would kickstart the Senate trial "next week."

Avenatti

Nike Texts Said to Mock FBI Emerge in Avenatti Extortion Case

Bloomberg

By Erik Larson

1/10/2020

Celebrity lawyer Michael Avenatti said that recently unearthed text messages in which he says Nike Inc. executives mock the Federal Bureau of Investigation justify forcing their testimony at his trial for allegedly extorting millions of dollars from the company.

Avenatti is facing federal charges that he demanded Nike pay him as much as \$25 million or he would hold a damaging press conference announcing allegations that the company made illegal payments to youth basketball players. The texts would show that Nike wasn't serious about aiding the government in its probe of the allegations, Avenatti argued in a court filing Thursday.

Avenatti claims the company tried to incriminate him before he could blow the whistle on it.

Avenatti, who gained a national profile after suing President Donald Trump on behalf of porn star Stormy Daniels, claims Nike wasn't fully cooperating with the federal probe, which previously led to convictions of a former Adidas AG executive, assistant college basketball coaches and others.

"Nike's contempt for the government's investigation of its conduct is readily apparent from documents viewed by the defense for the first time just yesterday," Avenatti's lawyer Scott Srebnick said in the filing. "For instance, right in the

middle of the FBI investigation, on April 11, 2018, two of the subpoenaed Nike executives were sending each other texts cursing at the FBI and pejoratively ridiculing the investigation.”

“Nike was motivated to (belatedly) self-report to those same prosecutors and point the finger elsewhere in order to curry favor with them,” according to the filing.

U.S. District Judge Paul Gardephe is weighing Avenatti’s request to subpoena the executives before his trial, which starts Jan. 21 in Manhattan.

The government has marked the texts confidential.

Nike said in a statement that it “will not respond to the allegations of an individual facing federal charges of fraud and extortion. Nike will continue its cooperation with the government’s investigation into grassroots basketball and the related extortion case.”

Avenatti claims Nike tried to “curry favor” with the U.S. attorney’s office by letting its lawyers wear wires and secretly take video of Nike’s settlement talks with him. In the talks, the California-based lawyer allegedly demanded that he be paid to conduct an internal probe at Nike to root out what he called corrupt payments to elite youth basketball players.

Beaverton, Oregon-based Nike, the world’s biggest sports apparel and footwear maker, argued in an earlier court filing that the testimony of its executives would be irrelevant because they don’t have knowledge of Avenatti’s alleged attempt at extortion.

The U.S. alleges Avenatti tried to extort Nike by telling the company’s lawyers at Boies Schiller Flexner LLP that he would hold a damaging press conference announcing the allegations if they didn’t pay his client, a coach for such players, \$1.5 million and hire him to conduct the internal probe of Nike. The press conference could knock \$1 billion off Nike’s market value, Avenatti allegedly said at the time.

Avenatti argues the real wrongdoing was happening at Nike, and that his demand in settlement talks that he be hired to conduct an investigation wasn’t unreasonable given the company’s alleged conduct. Nike’s lawyers appeared to be amenable to the idea and readily discussed how much it might cost, according to Avenatti’s filing.

Avenatti claims Nike failed to produce critical documents to the government “until it became apparent” that his client was about to blow the whistle on the company.

The case is U.S. v. Avenatti, 19-cr-00373, U.S. District Court, Southern District of New York (Manhattan).

Epstein

Jeffrey Epstein Gave \$850,000 to M.I.T., and Administrators Knew

NY Times

By Tiffany Hsu, David Yaffe-Bellany and Marc Tracy

1/10/2020

The convicted sex offender Jeffrey Epstein donated a total of \$850,000 to the Massachusetts Institute of Technology, and top administrators were aware of the gifts for years, according to a report released on Friday by a law firm hired by the university to investigate its ties to the disgraced financier.

The firm, Goodwin Procter, found that Mr. Epstein made 10 donations from 2002 to 2017, and also visited the school nine times from 2013 to 2017. The school said last year that it had received roughly \$800,000 over the past two decades from Mr. Epstein, who killed himself in his Manhattan jail cell in August while awaiting trial on federal sex trafficking charges.

The university placed Seth Lloyd, a mechanical engineering professor who previously acknowledged a relationship with Mr. Epstein, on paid leave after the report found that he “purposefully failed” to inform M.I.T. of multiple donations from Mr. Epstein, including a \$60,000 gift that was deposited into a personal bank account and not reported to the school.

Mr. Lloyd did not immediately respond to a request for comment.

The report found that three current and former M.I.T. administrators learned of Mr. Epstein’s donations to the Media Lab in 2013, but “in the absence of any M.I.T. policy regarding controversial gifts,” other donations were approved under “an informal framework” that the administrators developed.

The report said senior administrators had made “significant mistakes of judgment” in accepting donations from Mr. Epstein after his 2008 conviction on sex charges in involving a minor in Florida, but had not breached any university policy. The university did not announce any disciplinary action for the administrators.

“We must fix what needs fixing and improve what needs improving,” L. Rafael Reif, M.I.T.’s president, said in a statement.

Mr. Reif acknowledged last year that he had signed a letter thanking Mr. Epstein for a donation in 2012, four years after the financier’s plea. The 61-page report cleared Mr. Reif of wrongdoing, saying that he was unaware that the school’s prestigious Media Lab was accepting donations and “had no role in approving” the funds, according to the university.

After Mr. Epstein was charged with sex trafficking in July, the Media Lab became ensnared in the public reckoning over the vast network of academic, business and political leaders who rubbed shoulders with the financier or accepted money from him.

The lab’s director, Joichi Ito, acknowledged raising \$1.7 million from Mr. Epstein for the lab and his own outside investment funds. The disclosure created an uproar at the Media Lab, a program that prides itself on its contrarian culture.

Mr. Ito, a master networker who had raised at least \$50 million for the Media Lab, resigned from the center in September. He also stepped down from The New York Times Company’s board of directors, as well as several other boards and a visiting professorship at Harvard.

Internal emails demonstrated how Mr. Ito and other Media Lab officials took steps to conceal the lab’s relationship with Mr. Epstein. In one 2014 email, Mr. Ito wrote that a \$2 million gift from the Microsoft co-founder Bill Gates had been “directed by Jeffrey Epstein.” In a subsequent email, another official at the lab wrote that “for gift recording purposes, we will not be mentioning Jeffrey’s name as the impetus for this gift.”

Mr. Gates denied that Mr. Epstein had directed grant-making on his behalf, and the firm’s report said Mr. Gates’s representatives had flatly denied that Mr. Gates had donated at Mr. Epstein’s behest.

In another email exchange, Mr. Ito discussed how Mr. Epstein was helping to connect the lab to Leon Black, the founder of Apollo Global Management, a prominent private equity firm. One email indicated that Mr. Black had given the lab \$4 million by wire transfer.

The report said Mr. Black had acknowledged donating to charities affiliated with Mr. Epstein, but that he had not specifically addressed whether he had given to M.I.T. or whether Mr. Epstein had asked him to donate.

A representative for Mr. Black said he could not immediately be reached for comment.

Civil
Brimelow

Anti-immigration author sues NYT over ‘white nationalist’ label

Politico
By Josh Gerstein
1/9/2020

Peter Brimelow, an anti-immigration activist who hosts a website that has published the writings of white supremacists, is suing The New York Times for \$5 million for labeling him an “open white nationalist” in an article last year.

The characterization of Brimelow that triggered the libel lawsuit appeared in a Jan. 15, 2019 article by Times political reporter Trip Gabriel that offered a chronology of racist and inflammatory comments by Rep. Steve King (R-Iowa).

The story mentioned Brimelow in passing while noting that the two men appeared on a panel together at the 2012 Conservative Political Action Conference.

The suit says that after Brimelow complained about the description of him, the Times performed a “stealth edit” on the online version of the story, removing the word “open” but still branding him as a white nationalist.

Brimelow rejects that label, preferring to be called a “civic nationalist.”

The Times never printed a correction or clarification in the online or print version of the paper, and refused to publish his letters challenging the original description, according to the suit filed Thursday in U.S. District Court for the Southern District of New York.

“We stand by the story and will vigorously defend,” Times spokeswoman Eileen Murphy said.

Brimelow’s court complaint also contends that the Times aggravated the impact of its initial statement by adding a link to what he calls a “smear piece” in which the Southern Poverty Law Center described him as a “white nationalist” and suggested he harbors white supremacist views.

The Alabama-based watchdog group is not named as a defendant in the suit, but much of Brimelow’s complaint is devoted to complaints — common in conservative circles — that the center’s research is unreliable, politically biased and a thinly disguised fundraising ploy.

Brimelow, a British-born naturalized U.S. citizen who lives in Connecticut, runs the anti-immigration website VDare.com and formerly worked as an editor for Forbes magazine and a columnist for National Review. He acknowledged in his letter to the Times that his VDare website published articles written by “those who aim to defend the interests of whites,” but he said the site has carried a wide range of authors who favor immigration restrictions.

Brimelow’s 1995 book about the dangers of unchecked immigration, “Alien Nation,” served as rallying cry for those who support a crackdown on immigration and prompted reviews in such outlets as the Times. His writings also appear to have had some influence among White House officials devising President Donald Trump’s immigration policies.

Complex Frauds and Cybercrime

Padilla

Rockland County man pleads guilty to defrauding investors

Mid Hudson News
By Mid Hudson News
1/10/2020

A Haverstraw man pled guilty in federal court on Thursday to defrauding victims of more than \$900,000 by soliciting investments in a sham financial firm based on misrepresentations and fraudulent documents.

It was alleged that Jorge Padilla, 33, orchestrated a scheme to solicit investments in a sham family investment office, Dunatos Capital.

Padilla, a financial professional registered with the Financial Industry Regulatory Authority, worked throughout the period at issue for large financial institutions.

He was charged with targeting Argentina-based victim-investors who had been clients of one of those institutions, claiming he had gone to work for Dunatos Capital, purportedly a family office managing tens of millions of dollars in investments.

He made false representations in order to solicit investments for the sham firm. After victims transferred funds as per his instructions, Padilla prepared and sent fraudulent statements about how the funds were invested.

He pled guilty to one count of wire fraud, which carries up to 20 years in federal prison.

Ethereum Developer Virgil Griffith Indicted Over North Korea Event Appearance

CoinDesk

By Daniel Palmer

1/9/2020

In a court document filed in the Southern District of New York on Jan. 7, Griffith is charged by a grand jury with one count of conspiracy to violate the International Emergency Economic Powers Act.

Griffith was released on bail on Jan. 9, Inner City Press reported.

A DOJ spokesperson previously told CoinDesk that Griffith's release had been delayed until he could satisfy his bail conditions.

The defendant and others had conspired to breach the prohibitions of the act when Griffith provided services to the Democratic People's Republic of Korea without obtaining approval from the U.S. Treasury's Office of Foreign Asset Control, according to the indictment. The developer is also alleged to have attempted to evade U.S. legal requirements during his actions.

The document adds that one or more of the alleged co-conspirators is expected to be brought to New York and arrested.

Griffith was arrested on Thanksgiving for allegedly attending a cryptocurrency conference hosted by the North Korean government and sharing his expertise in using cryptocurrency.

According to a complaint brought against Griffith on Nov. 21, he had sought approval to attend the conference, which was denied. He then traveled to the conference anyway.

"Despite receiving warnings not to go, Griffith allegedly traveled to one of the United States' foremost adversaries, North Korea, where he taught his audience how to use blockchain technology to evade sanctions," John Demers, an assistant attorney general for national security, said at the time.

After the indictment was released, prosecutors requested that Griffith be sent to his parents in Alabama immediately after being released on bond, rather than be allowed to stay in a New York hotel room until his arraignment. They also asked that Griffith not be allowed to keep his passport card while traveling, claiming that this "poses a serious risk" that he may flee the country in a letter.

Griffith's attorneys, Brian Klein and Sean Buckley, responded that they disagreed with the government's characterizations and "were very surprised" by the letter. It was not immediately clear whether Griffith will be allowed to remain in New York through his arraignment.

"Virgil 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," said Klein in response to the indictment.

If found guilty, Griffith faces up to 20 years in jail. The U.S. Attorney's Office also wants Griffith to forfeit any property or money obtained for his appearance in North Korea.

Griffith had served as the head of special projects for the Ethereum Foundation but has been suspended since his arrest, according to a previous report.

Harvey Weinstein's lawyer, judge clash in court; Charlize Theron named as potential witness

USA Today

By Patrick Ryan and Maria Puente

1/10/2020

The first week of Harvey Weinstein's sex-crimes trial is coming to a close, and Friday kicked off with a heated courtroom exchange between the judge and a member of Weinstein's legal team, and news that A-list actress Charlize Theron may be called as a witness.

Attorney Arthur Aidala filed a motion suggesting potential jurors are unable to speak freely in the screening process given the media attention surrounding the case.

"Most people do not speak in front of international media," he told Judge James Burke. "In order for citizens to be as honest and forthright as possible, we ask that jury selection be done in private."

Burke replied: "That's against the law! I'll read this, but I'm generally familiar with this form of the law... I'm disagreeing with you on virtually every level."

Manhattan Assistant District Attorney Joan Illuzzi also objected. "Now they want each person to be (interviewed) in private? I don't think there's any precedent for doing that."

In the motion, which USA TODAY obtained early Friday afternoon, Aidala says that Weinstein's defense has reviewed some of the potential jurors' questionnaires and believes many are unfairly biased against the ex-producer.

Reading them, "we have learned that (1) some jurors have not been candid in their responses; (2) at least one juror has expressed an ulterior financial motive for serving on Mr. Weinstein's trial and that he would find him guilty; (3) a number of jurors have been victims of or had exposure to sexual assault or domestic violence; and (4) nearly all jurors have heard about this case," Aidala writes.

Burke told the court he would rule on the motion after giving it a read later in the afternoon or over the weekend.

Weinstein's legal team has had little success persuading Burke to rule in their favor. Throughout the week, his defense filed motions to have Burke excused from the case and accusers' attorney Gloria Allred barred from the courtroom. The legal team also requested the trial be adjourned following new sex-crime charges filed in Los Angeles. All of the motions were denied.

The trial hit another snag Thursday when prosecutor Illuzzi suffered a medical emergency – she had something in her eye, according to the district attorney's office – and was forced to leave court before the third round of jury pre-selection.

On Friday, she told the judge she was feeling "much, much better."

Jury screening resumed Friday with 108 new potential jurors, although only 30 to 40 people moved on in the jury selection process, according to a media pool report. Many people said they could not be fair and impartial toward Weinstein, while one man said that he had worked with one of Weinstein's charities in the past and would be "uncomfortable" if chosen for the jury.

Others said that they could be fair and impartial, despite having met or worked with members of Weinstein's defense and Theron, who's listed as a potential witness in the trial. "Like a Boss" actress Salma Hayek was also named as a potential witness.

As jury pre-selection wrapped late Friday morning, about 60 women wearing all black gathered for a protest outside the courthouse, according to the media pool report. "It's not my fault, not where I was, not how I dressed," they chanted several times. "And the rapist was you!"

The jury selection process will continue next week, and opening statements are targeted to begin Jan. 22.

Weinstein, 67, is accused of five sex crimes in New York involving encounters with two women. The embattled movie mogul was charged in May 2018, has pleaded not guilty to all charges and has been free on \$1 million bail (recently raised to \$5 million). He has denied all allegations of non-consensual sex.

If convicted, he could receive a life sentence.

Earlier this week, he was charged in Los Angeles with four sex crimes. Weinstein is accused of raping one woman and sexually assaulting another in separate incidents over two days in February 2013. A trial in that case is not likely to occur until after the New York case is resolved.

Rosenberg

Bankruptcy case could make it easier to erase student debt

Times Union

By Rachel Silberstein

1/9/2020

A U.S. Bankruptcy Court judge on Wednesday authored a stunning decision that may make it easier for student loan borrowers to file for bankruptcy.

Cecelia G. Morris, chief bankruptcy judge for the Southern District of New York, ruled in favor of Kevin Jared Rosenberg, who sought to erase more than \$220,000 in loans accumulated during his undergraduate and law school years. Morris argued in the sharply worded document that courts have misapplied "the Brunner test," a three-pronged standard for determining whether college debt poses an "undue hardship" on the borrower, which is notoriously difficult to pass. "Brunner has received a lot of criticism for creating too high of a burden for most bankruptcy petitioners to meet ... The harsh results that often are associated with Brunner are actually the result of cases interpreting Brunner," Morris wrote.

The question of whether student loan borrowers can file for bankruptcy has been debated in federal courts for decades. In the 1970s, Congress exempted federal student loans from discharge in bankruptcy — except in extreme circumstances — amid concerns that some were exploiting the system to avoid repayment. In 2005, the exemption was expanded to private college loans as well. However, there are different views on what constitutes an "undue burden."

Critics say that the 32-year-old Brunner criteria, which originated in the Southern District of New York and has since been adopted by federal circuit courts in other states, has been interpreted too narrowly, deterring most former college students from seeking loan forgiveness.

In the last few years, bankruptcy lawyers all over the country have been challenging the exemption, seeking new avenues for borrowers to find relief from crippling student debt, but few have been successful.

Morris' decision is likely to be appealed by loan service providers, but if it is affirmed by the higher court, it could have a rippling impact in other parts of the nation, according to Peter Frank, a bankruptcy lawyer from Kingston.

"All of us have been discouraged from attempting to discharge student loans because it appeared that the law was a wall too high to climb for most debtors other than those with severe disabilities," Frank said. "If the district court affirms Chief Morris' order, there will be a lot more filers for bankruptcy all over the country."

According to the Brunner standard, to have college debt discharged in a bankruptcy proceeding, borrowers must demonstrate that making loan payments would prevent them from maintaining an acceptable living standard. They also

must show that their financial condition is likely to last for most of the remaining loan period and prove that they made a "good faith" effort to repay the loans.

Morris, in her ruling, illustrated how many cases have added punitive standards to the Brunner test not contained in the original decision.

"Those retributive dicta were then applied and reapplied so frequently in the context of Brunner that they have subsumed the actual language of the Brunner test. They have become a quasi-standard of mythic proportions so much so that most people ... believe it impossible to discharge student loans," Morris wrote. "This Court will not participate in perpetuating these myths."

Nicholas Biase
Public Affairs
United States Department of Justice
U.S. Attorney's Office | Southern District of New York

