

SDNY News Clips  
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## Public Corruption

Ulrich

### Teamsters ex-vice president took bribes from health plan administrator: feds

Daily News

By Stephen Rex Brown

2/21/19

His future's on the rocks.

The ex-vice president of a Teamsters union that reps beverage industry workers took tens of thousands of dollars in bribes from a health plan administrator, federal prosecutors charged Thursday.

John Ulrich, who served as the vice president of International Brotherhood of Teamsters Local 812 and a trustee of the union's health plan, began soliciting the bribes in 2013 when he was facing "financial difficulties," prosecutors said.

Court papers did not identify the third-party health plan administrator, which processed insurance claims for the union's 3,000 members.

Ulrich allegedly demanded quarterly payments of \$5,000 in exchange for using his influence to make the union continue using the administrator instead of switching to another plan.

He later demanded larger bribes, starting in 2014 and again in 2015, prosecutors said.

Ulrich told the health plan administrator that he needed additional payments for another trustee — but it went into his pockets, the feds said.

"John Ulrich abused his position as the vice president of a labor union and trustee for its health plan by selling his influence to the Union's health care administrator. As part of this alleged scheme, Ulrich betrayed the trust of the Union members who elected him in order to line his pockets with bribe money," Manhattan U.S. Attorney Geoffrey Berman said.

Ulrich, 48, of Newburgh, pleaded not guilty and was released on \$100,000 bond.

After a special union board meeting in February 2016, Ulrich was fired from Teamsters Local 812 and removed from his position as trustee of the health plan

"There's more to the story," Ulrich said.

## Former Teamsters VP Pleads Not Guilty To Taking Bribes

Law360

By Mike Curley

2/21/19

The former vice president of the International Brotherhood of Teamsters Local 812 pled not guilty in New York federal court on Thursday to allegations he solicited bribes from an executive of the union's health benefit plan administrator to ensure the union kept the administrator on board.

John Ulrich was arrested Thursday morning, arraigned in the afternoon and released on a \$100,000 bond. Ulrich had been removed as vice president in February 2016 for embezzling funds by using a union credit card for personal reasons, among other offenses, according to board documents.

Ulrich served on the board of trustees for the health plan serving the union's 3,000 members at the time of the bribery scheme, according to court documents.

According to the indictment, in 2013 when he was having financial problems, Ulrich allegedly approached an executive with the plan's third-party administrator, asking for a \$5,000-per-quarter bribe in exchange for making sure the board didn't hire a different administrator.

"As alleged, John Ulrich abused his position as the vice president of a labor union and trustee for its health plan by selling his influence to the union's health care administrator," U.S. Attorney Geoffrey S. Berman said in a press release. "As part of this alleged scheme, Ulrich betrayed the trust of the union members who elected him in order to line his pockets with bribe money."

Over the next two years, Ulrich allegedly demanded increased payments, which he told the administrator were for another trustee of the health fund, and the administrator continued to give the bribes.

"Instead of advocating for the best possible benefit programs for the union members he represented, Ulrich allegedly entered into a quid-pro-quo arrangement that served to advance his needs and the needs of the plan's third-party administrator," FBI Assistant Director William F. Sweeney Jr. said in a press release. "In his official role, he was charged with protecting the interests of his fellow union employees, but as we allege today, this trustee couldn't be trusted."

During the February 2016 meeting at which Ulrich was removed as vice president, he was confronted with an email sent from his account requesting a bribe, according to the indictment. According to documents related to his termination, the bribery scheme was not listed among the reasons for his removal from office.

A spokesperson for the U.S. Attorney's Office declined further comment, referring to the press release.

Representatives for Ulrich and for the union could not immediately be reached for comment Thursday.

The government is represented by Assistant U.S. Attorneys Eli J. Mark and Louis A. Pellegrino.

Ulrich is represented by Jolene LaVigne-Albert of Schlam Stone & Dolan LLP.

The case is U.S.A. v. Ulrich, case number 1:19-cr-00107, in the U.S. District Court for the Southern District of New York.

## Manafort

### **Manafort Is Expected to Face Charges in New York, Even if Trump Pardons Him**

NYT

By William K. Rashbaum

2/22/19

The Manhattan district attorney's office is preparing state criminal charges against Paul J. Manafort, President Trump's former campaign chairman, in an effort to ensure he will still face prison time even if the president pardons him for his federal crimes, according to several people with knowledge of the matter.

Mr. Manafort is scheduled to be sentenced next month for convictions in two federal cases brought by Special Counsel Robert S. Mueller III. He faces up to 25 years in prison for tax and bank fraud and additional time for conspiracy counts in a related case. It could effectively be a life sentence for Mr. Manafort, who turns 70 in April.

The president has broad power to issue pardons for federal crimes, but no such authority in state cases. And while there has been no clear indication that Mr. Trump intends to pardon Mr. Manafort, the president has spoken repeatedly of his pardon power and defended his former campaign chairman on a number of occasions, calling him a "brave man."

The office of the Manhattan district attorney, Cyrus R. Vance Jr., first began investigating Mr. Manafort in 2017 in connection with loans he received from two banks. Those loans were also the subject of some of the counts in the federal indictment that led to his conviction last year. But the state prosecutors deferred their inquiry in order not to interfere with Mr. Mueller's investigation.

They resumed their investigation in recent months, and a state grand jury began hearing evidence in the case, several people with knowledge of the matter said. The panel is expected to wrap up its work in the coming weeks, several of the people said, and prosecutors likely will ask the grand jurors to vote on charges shortly thereafter.

Mr. Vance's office is expected to seek charges whether or not the president pardons Mr. Manafort. The plan was first reported by Bloomberg.

Mr. Manafort's defense team is likely to challenge any charges brought by Mr. Vance's office on double jeopardy grounds. New York state law includes stronger protections than those provided by the United States Constitution. But prosecutors in Mr. Vance's office have expressed confidence that they would prevail, people with knowledge of the matter said.

Jason Maloni, a spokesman for Mr. Manafort, said his legal team had no comment. Mr. Vance's office also had no comment.

Mr. Manafort, who worked for Mr. Trump's campaign during a critical five months when he became the Republican Party's presidential nominee in 2016, was convicted in federal court in Virginia in August on eight counts of various financial crimes. Prosecutors said Mr. Manafort used foreign accounts to hide millions of dollars from his political consulting work in Ukraine and evade taxes, and lied to banks to obtain millions of dollars in loans.

Weeks later, he agreed to plead guilty in a related case in federal court in Washington, D.C., and cooperate with prosecutors from Mr. Mueller's office. But the deal blew up when a judge ruled he had repeatedly lied to the government about his contact with a Russian associate during the campaign and after the election. Prosecutors claim that the associate, Konstantin V. Kilimnik, has ties to Russian intelligence, and have been investigating whether he was involved in a covert attempt to influence the 2016 presidential election results.

In the Manhattan case, the evidence presented to a grand jury appears to be connected to loans issued by Citizens Bank in Rhode Island and Federal Savings Bank in Chicago. The district attorney's office has jurisdiction to bring the charges because New York City is a financial center through which U.S. dollar transactions typically flow.

The banks have received grand jury subpoenas for records relating to the loans they issued to Mr. Manafort, which were worth millions of dollars, people with knowledge of the matter said. The grand jury also has been hearing testimony about the loans. Citizens Bank has been cooperating with the investigation, according to a person with knowledge of the matter. A spokeswoman for Federal Savings Bank did not respond to a request for comment.

It is unclear precisely what charges Mr. Manafort would face, but they could include three state felonies: falsifying business records, if the evidence shows Mr. Manafort used the loan money for an unauthorized purpose, mortgage fraud and tax evasion.

**Mannattan prosecutor poised to step up if Trump provides presidential pardon for pal Manafort**

Daily News

By Shayna Jacobs and Larry McShane

2/22/19

Manhattan District Attorney Cy Vance Jr. is poised to slap new criminal charges on convicted federal felon Paul Manafort if President Trump pardons his former campaign chairman, according to a report by Bloomberg News.

The prosecutor's carefully constructed state case would need to avoid double jeopardy protections for defendant Manafort, who is facing sentencing next month on a variety of charges.

Prosecutors recommended a prison sentence of up to 24 years, a virtual life sentence for the 69-year-old Trump ally snared in the legal net cast by Special Counsel Robert Mueller.

The president has refused to rule out a pardon for Manafort, and has already granted clemency to political supporters like Arizona sheriff Joe Arpaio and right-wing commentator Dinish D'Souza.

A spokesman for Vance did not return an email request for comment on the report.

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Bloomberg reported that the Manhattan top prosecutor began his probe of Manafort months before the launch of the Mueller investigation. The Special Prosecutor's office brought charges of conspiracy, bank fraud and failure to register as an agent of a foreign country against Manafort.

## Mueller

### **Trump faces legal issues for the rest of his presidency, no matter what Mueller finds**

LA Times  
By Chris Megerian  
2/22/19

President Trump is likely to celebrate if the final report from special counsel Robert S. Mueller III echoes Trump's relentless claims of "no collusion" with Russia — or least doesn't outline a criminal conspiracy between his 2016 campaign and the Kremlin.

No matter what Mueller concludes, the president remains in considerable legal jeopardy.

The Russia probe spawned a web of federal, state and congressional inquiries into virtually every aspect of Trump's career — the company that bears his name, the campaign that won him the White House, the inauguration that celebrated his improbable victory, and the administration that he currently leads from the Oval Office.

Prosecutors in Manhattan, Brooklyn, Washington and Virginia are all pulling at threads that the FBI started unraveling two years ago. Legal problems, and possibly further indictments of Trump's friends and aides, are likely to shadow the president for the rest of his White House tenure.

"Once you turn over one stone, there are a host of other matters that come to light," said Bruce Udolf, who worked for the independent counsel's office that investigated President Bill Clinton. "And you start turning over those stones as well."

In addition to the 34 people charged by Mueller, other crimes have been uncovered in other jurisdictions.

The U.S. attorney in the Southern District of New York, for example, successfully prosecuted Trump's personal lawyer, Michael Cohen, for hush money payments to two women who claimed they had affairs with Trump. He pleaded guilty to two campaign finance violations, among other crimes.

Prosecutors from the same office also have issued subpoenas for records from Trump's inauguration, including how the inaugural committee spent a record \$107 million. The U.S. attorney for the Eastern District of New York, based in Brooklyn, is reportedly conducting a related probe.

So is the U.S. attorney in Washington, D.C., where a lobbyist, Sam Patten, has already pleaded guilty to helping a Ukrainian oligarch illegally buy tickets to Trump's inauguration.

And the U.S. attorney in the Eastern District of Virginia has charged an Iranian American businessman in illegal lobbying on behalf of Turkey, a case that grew out Mueller's prosecution of Trump's former national security advisor, Michael Flynn.

State officials are also digging into Trump. In December, the New York state attorney general forced the Donald J. Trump Foundation, once billed as the charitable arm of the president's business empire, to dissolve and give away remaining assets under court supervision.

The attorney general, Barbara Underwood, accused the foundation of “functioning as little more than a checkbook” for Trump’s business and political interests, and of “a shocking pattern of illegality” that included unlawfully coordinating with Trump’s 2016 presidential campaign.

Her office also has pursued a lawsuit that could bar Trump and three of his adult children from the boards of other New York charities, as well as order them to pay millions of dollars in restitution and penalties.

In Congress, newly empowered House Democrats are rolling out investigations into Trump’s unreleased tax returns, a controversial proposal to transfer nuclear technology to Saudi Arabia, the White House’s handling of security clearances for classified information, and more.

“Once the oversight process kicks in, you never know where it's going to end up,” said Jim Manley, a former senior Democratic aide on Capitol Hill. “With Democrats in control, no one can expect that they know how this is going to play out.”

Trump has slammed the congressional probes as “presidential harassment.” Democrats are going “nuts” while “looking at every aspect of my life, both financial and personal, even though there is no reason to be doing so,” he tweeted.

Congressional investigations can fizzle out in partisan finger-pointing. But some uncover real scandals and snowball into direct threats for the White House.

“Investigations take on a life of their own, and they usually end up much broader than what they originally looked at,” said Julian Zelizer, a presidential historian at Princeton University.

The independent counsel appointed to investigate Clinton in 1994 started with a suspicious real estate transaction in Arkansas, for example. Four years later the office finished by probing the president’s affair with a White House intern, a scandal that led to Clinton’s impeachment by the House.

Watergate, the mother of all scandals, began with a bungled burglary at the Democratic National Committee headquarters in 1972. It ended two years later with President Nixon resigning from office and many of his top aides in handcuffs.

“Every time we developed one lead, another one came along,” said Rufus Edmisten, who served as deputy counsel on the Senate Watergate Committee.

The Russia investigation has also produced unexpected leads, especially from Cohen, Trump’s former lawyer.

After he pleaded guilty to campaign finance violations for the hush money payments, Cohen told the court in New York that Trump had directed the illegal scheme, the most direct accusation yet that the president was personally involved in a crime.

The escalating investigations in New York have alarmed Trump’s allies.

“I think that the Mueller investigation is not the president's biggest problem,” former New Jersey Gov. Chris Christie, a former U.S. attorney, said recently on MSNBC. “Southern District of New York’s investigation has always been much more dangerous.”

Some prosecutions have pierced the murky world of foreign lobbying, which was loosely scrutinized before Mueller was appointed.

Flynn, who was forced to resign as Trump's national security advisor after lying about his contacts with the Russian ambassador, later admitted to working as an unregistered foreign agent for Turkey during the 2016 campaign.

"Arguably you sold your country out," a judge told him in December.

The Flynn investigation spawned another case. Federal prosecutors in the Eastern District of Virginia recently charged Flynn's former business partner Bijan Kian with conspiracy and acting as an unregistered foreign agent for Turkey. He has pleaded not guilty.

Also under indictment is Kamil Ekim Alptekin, a Turkish businessman who hired Flynn's firm and has denied that Ankara played any role in the contract.

A different scheme was unearthed while Mueller prosecuted Paul Manafort and Rick Gates, the chairman and deputy chairman of Trump's 2016 campaign, for money laundering, conspiracy and other crimes related to their work as political consultants in Ukraine.

Skadden, Arps, Slate, Meagher & Flom LLP, a prominent law firm that worked with Manafort, agreed in January to forfeit \$4.6 million from the project.

The Southern District of New York is also scrutinizing some of Manafort's former colleagues, including former Obama White House counsel Greg Craig, longtime Democratic lobbyist Tony Podesta and former Minnesota congressman Vin Weber. No charges have been filed.

**If this isn't obstruction of justice ...**

CNN

By Elie Honig

2/22/19

This week's New York Times report that President Donald Trump asked then-acting Attorney General Matthew Whitaker to get US Attorney Geoffrey Berman to un-recuse himself and take charge of the Michael Cohen investigation evokes an old school, Nixonian attempt to obstruct justice.

If the reporting is accurate, Trump's actions make his intent clear: Get my hand-picked appointee -- Trump personally interviewed Berman before he was appointed to run the Southern District of New York -- back on the Cohen case to limit the damage done to me.

I've charged and tried obstruction of justice cases. If this isn't an attempt to obstruct, then I don't know what is.

Trump has offered only the weakest of defenses: The conversation with Whitaker didn't happen, and the report is "fake news." (Note the pause in this video before Trump answers; prosecutors or poker players might call this a "tell.")

That defense collapses under scrutiny. First, Whitaker has essentially admitted he did speak with Trump about the Southern District of New York case. Under questioning in Congress -- stemming from CNN's exclusive reporting that Trump discussed that investigation with Whitaker -- Whitaker forcefully denied he had spoken to Trump about special counsel Robert Mueller's investigation but bobbed, weaved and ultimately declined to answer when asked if he and Trump had discussed the Southern District of New York case.

Common sense: When a witness strongly denies he discussed one thing but dodges on the other, that means he discussed the other thing.

Also, Trump happens to have done the exact same thing he reportedly tried to do to Berman -- convince him to un-recuse and take charge of a criminal matter to limit potential damage to Trump -- to former Attorney General Jeff Sessions.

Trump repeatedly and publicly berated Sessions, calling him "scared stiff and Missing in Action," retweeting a commentator who referred to Sessions' recusal as "an unforced betrayal," and declaring that Sessions should un-recuse and "stop this Rigged Witch Hunt right now." Trump tried to bully Sessions into getting back into the Russia case to limit damage done to Trump; is it any wonder Trump tried to do the exact same thing to the Southern District of New York?

## Mueller Report Expected to Go to Justice Department Within Weeks

NYT

By Katie Benner

2/21/19

The new attorney general, William P. Barr, is preparing for the special counsel to deliver a report in coming weeks on the results of the investigation into Russian interference in the 2016 election, two officials briefed on the Justice Department's preparations said.

President Trump's legal team and other allies of the administration have incorrectly predicted an imminent end to the investigation by the special counsel, Robert S. Mueller III, for well over a year. It remains unclear whether Mr. Mueller might take further public action, such as additional indictments, before submitting his report to Mr. Barr.

Once the report is submitted, it is not certain how much of it will become public or when.

The submission of a report by Mr. Mueller would effectively mean his office is closing down. The special counsel would no longer be conducting investigations in conjunction with the F.B.I., and Mr. Mueller would not be opening any new lines of inquiry.

But active cases that have not yet been brought to a conclusion would likely continue. New prosecutors from outside the special counsel's operation could pick up cases that remain in progress. And some cases that spun off from Mr. Mueller's investigation — including those being conducted by the United States attorney's office in Manhattan involving Michael D. Cohen and Mr. Trump's business — would continue unaffected.

No matter what the special counsel concludes, the findings will be sure to send shock waves through Washington, with Mr. Trump's presidency on the line and both Democrats and Republicans poised to spin the contents to their advantage. The White House is bracing for revelations that could politically damage Mr. Trump, or open him up to the possibility of impeachment by the Democrat-controlled House, even if he is not accused of criminal conduct.

The transmittal of the report to Mr. Barr would also place the attorney general in the spotlight as he decides how much of the findings to share with lawmakers and the public.

Mr. Mueller was appointed as the special counsel on May 17, 2017, in the wake of Mr. Trump's decision eight days earlier to dismiss James B. Comey as F.B.I. director.

Mr. Mueller was given a mandate to investigate whether Russia interfered in the 2016 election and "any links and/or coordination between the Russian government and individuals associated with the campaign of President Donald Trump." He was also given the option of referring any other matters that he might come across in doing so to other federal prosecutors, who can further investigate and open new cases.

Once Mr. Mueller's report is in his hands, Mr. Barr will have to review it for any classified information that would have to be omitted from any summary that Mr. Barr might decide to release, a process that could take days or even weeks.

Former Justice Department and F.B.I. officials said that Mr. Barr could also draw up an unclassified summary to be widely distributed to lawmakers — making leaks all but certain — as well as a classified version to be shared with a smaller group of Congressional leaders.

A spokeswoman for the Justice Department and a spokesman for the special counsel's office declined to comment.

The country has been riveted by Mr. Mueller's nearly two-year investigation into Russian election interference and whether Trump campaign officials worked with the Russians trying to sway the election in favor of Mr. Trump.

The special counsel's office has indicted dozens of people, including a half dozen former Trump campaign advisers who have been indicted or pleaded guilty to past financial crimes, lying to the F.B.I., obstructing the special counsel investigation and failure to properly disclose their work for foreign governments.

The office has also indicted dozens of Russian intelligence officers for stealing and then weaponizing information from Hillary Clinton's inner circle. And it has indicted Russian propagandists for the misinformation campaigns they spread on social media that sought to dampen support for Mrs. Clinton in her campaign against Mr. Trump.

But Mr. Mueller has not filed explicit public allegations that Mr. Trump, his campaign officials or other members of his inner circle worked with Russian operatives to influence the outcome of the 2016 election.

And the special counsel's office has not divulged any information regarding one of the main strands of its investigation — whether Mr. Trump or his aides could be criminally charged with obstruction of justice.

At his confirmation hearings, Mr. Barr resisted pressure from Democrats to make firm commitments about how transparent he will be in sharing Mr. Mueller's report with Congress and the public.

The regulations governing the special counsel say only that Mr. Mueller must submit to the attorney general a confidential report detailing his decisions to bring charges in the inquiry. It is then up to Mr. Barr to decide how much of that report should be shared with Congress.

During his confirmation hearings, Mr. Barr said that he believed it best to be transparent about the report, consistent with the special counsel's rules and the law.

Before he was nominated, Mr. Barr wrote a 19-page memo last summer arguing that Mr. Mueller was on shaky legal ground if he tried to treat Mr. Trump's decision to fire Mr. Comey, the former director of the F.B.I., as an act of obstruction — a memo that has Democrats in Congress worried that the attorney general comes to the investigation with biases that could move him to share very little of the report with lawmakers.

Mr. Barr has also noted that the department does not generally publish derogatory information about individuals who have not been charged with crimes. Given that there is a longstanding Justice Department legal opinion that a sitting president cannot be charged with a crime, Mr. Barr may have to weigh whether it is right to share any information from the report that may cast Mr. Trump in unflattering light.

Mr. Trump is scheduled to travel to Vietnam next week for a summit with Kim Jong-un, the leader of North Korea. Should the department share any damaging information about the president during his diplomatic trip, it could undermine his meeting.

The president recently called Mr. Barr “a tremendous man, a tremendous person, who really respects this country and respects the Justice Department.”

Even after the Mueller report has been delivered and shared, federal prosecutors in New York, Washington and possibly elsewhere will continue to investigate Mr. Trump, his businesses and other leads uncovered by the special counsel’s office.

Those investigations and the possibility of criminal charges against Mr. Trump or an entity or person close to him are likely to loom over the remainder of the president’s term.

## Inauguration Committee

### Trump Inaugural Committee Challenged Vendor Requests and Budgeting, Documents Show

WSJ

By Rebecca Davis O'Brien and Rebeccal Ballhaus

2/21/19

In the weeks before his inauguration, top officials on President Trump's inaugural committee repeatedly sounded alarms about the budgets submitted by several vendors, according to correspondence, committee records and draft budgets reviewed by The Wall Street Journal.

Some of the materials, which haven't previously been reported, have been shared with federal prosecutors in New York, according to people familiar with the investigation.

Federal prosecutors are probing the committee's dealings with vendors as part of a wide-ranging investigation into the 2017 inaugural committee, according to a subpoena the committee received earlier this month and people familiar with the investigation. Among other matters, prosecutors are interested in whether any vendors were paid off the books, the people familiar with the investigation said.

Less than a month before the inauguration, in an email to colleagues, Heather Martin, the committee's budget director, questioned the budget submitted by a top vendor, event-production company Hargrove Inc. The company, she wrote, was using "wildly different pricing" from its work on previous inaugurations. She noted "redundancy" and "excessively high" prices for labor, centerpieces and even bike racks.

It was one of several vendor budgets—including one submitted by WIS Media Partners, a firm run by Stephanie Winston Wolkoff, a former adviser to first lady Melania Trump—that was questioned by inaugural organizers, according to the records reviewed by the Journal.

Hargrove provided explanations for why the pricing was different before the committee went forward with their contract, people familiar with the planning said. The company was ultimately paid \$25 million, according to the committee's tax filings.

Hargrove executives and media representatives didn't respond to requests for comment. A representative for PSAV Inc., which bought Hargrove last year, didn't respond to requests for comment.

A spokesman for WIS said the group "went through a thorough budget review" with inaugural officials, who approved the spending. The spokesman said WIS returned \$1 million to the committee, having completed its work under the approved budget, and submitted an audit of WIS's spending two months after the inauguration.

Ms. Wolkoff's concerns about the committee's spending, captured in a recorded conversation with Mr. Trump's former lawyer Michael Cohen, helped prompt the investigation into the inaugural. Her concerns focused on Hargrove; the inaugural committee's deputy chairman, Richard Gates; and its chairman, Tom Barrack, people familiar with the recording said.

A spokesman for Mr. Barrack declined to comment. There is no sign Mr. Barrack is under investigation.

A lawyer for Mr. Gates didn't respond to requests for comment. Mr. Gates has been cooperating with Justice Department investigations since pleading guilty last year to a case brought as part of special counsel Robert Mueller's investigation of Russian interference in the 2016 election.

A spokeswoman for the inaugural committee said it "remains confident it has fully complied with all applicable legal requirements."

Mr. Trump's inaugural committee raised a record \$107 million in donations, twice what was raised for former President Barack Obama's first inaugural in 2009. The committee says it spent \$104 million on the inauguration.

In a December 2016 email, an executive at one of the inaugural committee's vendors wrote that his projected budget reflected more than \$5 million for talent and travel. "DJT wants it to be bigger/better and outside of the box than any other inauguration," the executive wrote.

Correspondence and draft budgets for the high-profile Chairman's Global Dinner, a pre-inaugural event for foreign diplomats and top donors, show the proposed use of Hargrove and another vendor for similar services led to confusion among organizers. The dinner, billed as Mr. Trump's debut on the international stage, had an initial budget of \$3.3 million, but ultimately cost nearly \$4.3 million, according to an inaugural official.

In a draft budget, Hargrove sought \$2.9 million to work on the chairman's dinner, including more than \$2.4 million to stage performances by the band Alabama and "Steve Wynn's Showstoppers," a revue of Broadway show tunes developed by Steve Wynn, a casino mogul and top Trump ally who was a finance co-chairman of the inaugural committee.

Another company, PRG, submitted a \$2.7 million budget to produce the same performances. PRG's proposed budget, prepared for Mr. Gates, included some of the exact language and prices used in Hargrove's budget, prompting questions from organizers about why both firms would work on the performances. Mr. Gates said Hargrove would "be involved in certain aspects" and would support PRG, according to correspondence viewed by the Journal.

The inaugural official said Hargrove wasn't ultimately contracted for the production, and that Mr. Gates's email predated the final contract that inaugural officials signed hiring PRG.

A spokeswoman for PRG said the company hadn't received a subpoena, and declined to answer questions about the company's work on the inaugural.

Members of the committee also questioned payments made to a number of vendors and subcontractors with ties to Mr. Trump's business, family, campaign and administration, correspondence reviewed by the Journal shows.

The Trump International Hotel in Washington, D.C., at first sought \$3.6 million for eight days of space and food, according to a December 2016 email, which was forwarded by one inaugural organizer to her colleagues. The organizer wrote: "Ummm..." The committee ultimately paid \$1.5 million from Dec. 1 through the inauguration, according to an inaugural official.

A firm owned by Brad Parscale, the campaign's digital media director who is now Mr. Trump's campaign manager for 2020, was paid nearly \$2.7 million, including \$2.1 million for a digital media buy focused on drawing crowds to the inauguration, according to people familiar with the matter.

## R. Kelly

### R. Kelly Charged With Sexual Abuse in Chicago

NYT

By Elizabeth A. Harris

2/22/19

The R&B singer R. Kelly was charged on Friday in Chicago with 10 counts of aggravated criminal sexual abuse. The news was reported by The Chicago Sun-Times and The Chicago Tribune, citing court records.

Mr. Kelly, who has been trailed by accusations of sexual misconduct for two decades, has been under renewed scrutiny since the documentary “Surviving R. Kelly” was broadcast on Lifetime in January.

The celebrity lawyer Michael Avenatti said last week that he had obtained a video showing Mr. Kelly having sex with a 14-year-old girl, and given it to the Cook County State’s Attorney’s Office in Chicago. He has said that Mr. Kelly and the girl refer to her age multiple times in the video, which is more than 40 minutes long.

On Thursday, two additional women came forward at a news conference in New York organized by their lawyer, Gloria Allred, to accuse Mr. Kelly of sexual abuse and misconduct when they were minors. The two women, Latresa Scaff, 40, and Rochelle Washington, 39, said they met the singer after a concert in the mid-1990s when they were 16 and 15; they said he asked for a threesome and had sex with Ms. Scaff.

Steven Greenberg, Mr. Kelly’s lawyer, did not immediately respond to a request for comment, but he has said that Mr. Kelly “denies that he has engaged in any illegal conduct, of any kind whatsoever.”

Mr. Kelly, 52, has never been convicted of a crime, but he has been trailed for years by allegations of sexual misconduct and abuse. More than 20 years ago, Vibe magazine questioned a marriage certificate that said the singer Aaliyah was 18 when she and Mr. Kelly were wed. She was, in fact, 15 at the time and the marriage was annulled. Mr. Greenberg has said Mr. Kelly did not know she was underage at the time. Aaliyah died in a plane crash in 2001.

The following year, Mr. Kelly was arrested on child pornography charges, over a tape prosecutors said showed him having sex with and urinating on an underage girl. After six years of delays, Mr. Kelly was acquitted in 2008 on all 14 charges against him. The girl from the video never testified, and Mr. Kelly’s lawyers argued that her identity could not be proven.

In 2017, the music journalist Jim DeRogatis wrote articles for BuzzFeed that described Mr. Kelly keeping women in a “cult,” in which he kept them from their families and exerted tremendous control over their lives.

After so many years in which Mr. Kelly seemed impervious to the accusations against him, things seemed to take a turn in January, after “Surviving R. Kelly” caused a stir. Law enforcement authorities in Illinois and Georgia, where he has lived, began looking into his conduct. And after tremendous public pressure from activists, Mr. Kelly was dropped by his label, RCA, just two weeks after the program aired.

## **R. Kelly Is Accused of Sexual Misconduct by Two More Women**

NYT

By Karen Zraick

2/21/19

Two additional women came forward on Thursday to accuse the R&B star R. Kelly of sexual abuse and misconduct while they were minors.

The women, who had not previously spoken publicly about the accusations, gave their accounts at a news conference in New York organized by their lawyer, Gloria Allred.

The two women, Latresa Scaff, 40, and Rochelle Washington, 39, both of Maryland, said they met the singer, whose real name is Robert Kelly and who has faced sexual abuse accusations going back more than two decades, after a concert in Baltimore in 1995 or 1996.

Mr. Kelly had performed with LL Cool J at an arena in the city. The two teenagers, who were about 16 and 15 at the time, bought tickets to the concert and an after-party at a nearby nightclub, they said.

Ms. Allred showed photos of the two women that they said were taken that night. They had dressed up and were smiling broadly as they posed with LL Cool J and in front of a backdrop emblazoned with Mr. Kelly's visage.

At the after-party, Mr. Kelly pointed to the girls and asked his security guards to bring them to the stage, the women said. They were offered drugs and alcohol, and Mr. Kelly's staff members paid for a taxi to take them back to his hotel, Ms. Scaff said.

While waiting for Mr. Kelly to arrive in a hotel suite, the girls were so excited that they called a local radio station to tell them they were with R. Kelly, Ms. Scaff said. They went on live radio and "many people heard us," she added.

Mr. Kelly entered the room a short while later with his penis exposed and asked the girls to dance, Ms. Scaff said. He asked for a threesome, the women said, and Rochelle, who was younger, said she would not participate and went into the bathroom.

Mr. Kelly then asked Latresa to perform oral sex, and had sex with her, she said. She was under the influence of marijuana and alcohol at the time, she added.

Afterward, neither girl saw Mr. Kelly again. Ms. Scaff said she told friends about what had happened, and Ms. Washington told her mother.

"When I first met R. Kelly that night, I was very happy and excited because I was young and star-struck," Ms. Scaff said. But in hindsight, she said, she feels hurt.

"I am speaking out because I want to encourage other victims who I know must be out there to come forward as well," she added.

Ms. Allred said that both women met with officials from the office of the United States attorney for the Eastern District of New York on Thursday afternoon to share their accounts.

Asked why she chose that office, rather than the Baltimore Police Department or another agency, Ms. Allred said she had confidence in the prosecutors there and believed that they were investigating Mr. Kelly. A spokesman for the office said he could not confirm that.

A lawyer for Mr. Kelly did not immediately return a call and email requesting comment.

Mr. Kelly has faced accusations of sexual misconduct and abuse for decades but has never been convicted; he has denied that he had sex with minors or held women against their will. He was acquitted in 2008 of 14 counts of child pornography in a trial that centered on a sex tape, and has reached settlements with numerous accusers.

But momentum against him has been building since BuzzFeed News's publication in July 2017 of a lengthy investigation into accusations that Mr. Kelly held women in a so-called sex cult.

That article, by the journalist Jim DeRogatis, who has been reporting on the accusations against Mr. Kelly for nearly 20 years, spurred a six-part Lifetime documentary, "Surviving R. Kelly," that aired last month and included testimony from several women who accused Mr. Kelly of abuse.

Public opinion seemed to turn against him. His label, RCA Records, has dropped him, and Spotify has removed his songs, which include "Ignition" and "I Believe I Can Fly," from its playlists. He is also being investigated in at least two states: Illinois and Georgia, where he had homes and where prosecutors have urged any potential victims or witnesses to come forward.

The celebrity lawyer Michael Avenatti also said last week that he had given Chicago prosecutors a videotape that, according to a report, appears to show Mr. Kelly having sex with a girl who may have been underage.

Ms. Allred said she represented "a number" of Mr. Kelly's accusers — she would not specify how many — and said that some were worried that videos of them being abused might be circulating.

Ms. Washington, who cried as she spoke, encouraged women who were victimized by Mr. Kelly to contact lawyers and law enforcement officials.

"I want victims to know it's not their fault," she said.

## New R. Kelly Accuser Claims Singer Had Sex With Her When She Was Underage

Rolling Stone  
By Kory Grow  
2/21/19

Two women are adding their voices to the chorus against R. Kelly. At a press conference in Midtown Manhattan on Thursday, Latresa Scaff and Rochelle Washington alleged that the singer spotted them at an afterparty for one of his concerts in the Baltimore area during the mid-Nineties and invited them back to his hotel room where they claim he exposed himself and coerced one of them into sex. They claim they had been offered alcohol and drugs at the party and were incapable of making rational decisions. One of the women was 15 at the time, the other 16.

Scaff, now age 40, held back tears as she told a room of reporters about Kelly's alleged behavior toward her and her friend Washington, now 39. "The man who had let us into [Kelly's hotel room] ... said, 'R. Kelly is getting ready to enter the room. Pull up your dresses,'" she recalled. "Rochelle and I did what we were told. We were standing, and we had panties on underneath our dresses. Then R. Kelly came into the room a few minutes later. The other man left right away when Kelly entered the room. Mr. Kelly was wearing jeans and a white T-shirt. His penis was out and was over the top of his pants."

She went on to claim that Kelly lied on the bed with them, arms around each, and enticed them by saying that he was making a new music video that they could feature in. "After he said that, he started touching my breasts and vagina," Scaff said. "He put his hand under my dress. He asked both of us if we would do a threesome. Rochelle said, 'No, I do not do that.' She left and went to the bathroom. ... When Kelly was alone with me, he asked me to perform oral sex on him. I was under the influence of marijuana and alcohol and did it. He then had sexual intercourse with me, even though I did not have the capacity to consent."

Washington, with tears running down her cheeks, read a shorter statement to the room. She said she has not been able to forget the night that Kelly allegedly attempted to seduce her. "I'm now a mother with children, and I feel I was taken advantage of when I was a teenager," she said. "I just want justice for anyone that was hurt or violated." Similarly, Scaff said she was speaking out in an effort to encourage other women with similar stories to come forward. "I want justice for anyone who is a victim of R. Kelly."

Attorney Gloria Allred is representing the women and organized the press conference. In her opening remarks, she said the concert, at which LL Cool J also performed, took place in either 1995 or 1996. "Regardless of whether he asked their age or not, Latresa had no ability to consent because she was under the influence, so there's no consent whatever age she is," Allred said. "And obviously neither Rochelle nor Latresa knew that he would suddenly be opening the door and coming in, as Latresa alleges he did, with his penis fully visible and outside of his pants. There couldn't be any consent to that."

She intends to bring the women's story to the U.S. Attorney's Office for the Eastern District of New York. When asked why she was bringing it there – as opposed to authorities in Baltimore, where the alleged incident took place or Chicago, where Kelly resides – she said, "That's my recommendation. I'll just say that I have confidence in them." Asked whether she's aware of any investigation into Kelly that the U.S. Attorney's Office is carrying out, she said, "It's my opinion that there is an open investigation."

John Marzulli, a representative for the U.S. Attorney's Office tells Rolling Stone, "My comment is that I can't confirm or deny any investigation." Kelly's lawyer did not immediately reply to a request for comment on the new allegations.

"It took a heavy toll on me [to come forward]," Scaff told the room. "I'm here today due to me seeing other victims and things that happened to other victims along the way and more. So I felt like I need to be here today to tell what happened to me because of all of the other victims that were affected by it as well. So that's why I'm here."

Allred also held a press conference in January in which another woman, Faith Rodgers, and the mother of another alleged victim, Dominique Gardner, claimed that Kelly had taken advantage of her. At today's event, Allred said she had other anonymous clients with allegations against Kelly whose names she has given to authorities. (She refused to disclose how many women she's representing.) One woman, she said, believed she had been recorded during the alleged abuse. When Rolling Stone asked her rationale for not making her total number of accusers public, she replied, "The rationale is that I don't wish to disclose it."

The attorney said her job was simply to provide information to the U.S. Attorney's Office and leave it up to them to decide if they wanted to press charges. "It's my job to help them connect with clients, with victims or people who allege they are victims and feel they have sufficient evidence to say it," she said. "And an accuser's word is also evidence. So it's to let victims know that they will not be alone if they are speaking to investigators or prosecutors."

Accusations of sexual misconduct against Kelly have started reaching fever pitch over the past few years. The Lifetime docuseries *Surviving R. Kelly*, which aired in January, inspired many celebrities to speak out against the singer — Chance the Rapper and Lady Gaga both removed collaborations they'd done with Kelly from streaming services — and record label RCA dropped him from its roster. Last week, news spread of video of Kelly allegedly urinating on a teenager, similar to the events that spurred a 2008 trial for the singer, which media outlets guessed could lead to an indictment. This week, Kelly admitted he would vacate his Chicago recording studio after a judge had placed a curfew on it following the discovery of 66 building code violations.

## 'I Want Justice:' R. Kelly Accused Of Sexual Misconduct By 2 More Women

NPR

By Colin Dwyer

2/21/19

Two new accusers have come forward against R. Kelly, claiming that the embattled singer sought to have sex with them when they were minors, more than two decades ago. At a news conference Thursday in New York City, Rochelle Washington and Latresa Scaff related the story of a traumatic encounter that allegedly occurred after one of Kelly's performances in the mid-1990s.

Washington and Scaff, now 39 and 40, respectively, claim that when they were 15 and 16 years old when they attended an after-party together in Baltimore in either 1995 or '96 — they could not recall which. There, they say they were offered alcohol, marijuana and cocaine — though they say they didn't consume the latter — and Kelly asked them to meet him in his hotel suite later.

Scaff says that Kelly had his genitals exposed when he eventually entered the room. And he allegedly propositioned both — but Washington, who says she had been recently raped in a separate incident, says she soon left the room.

"When Kelly was alone with me," Scaff told reporters, "he asked me to perform oral sex on him. I was under the influence of marijuana and alcohol and did it. He then had sexual intercourse with me even though I did not have the capacity to consent."

R. Kelly's legal team did not immediately respond to NPR's request for comment. But Kelly himself has repeatedly denied wrongdoing for years.

The new claims come amid a rising tide of allegations against the 52-year-old artist, who has been dogged for roughly a quarter-century by reports that he has abused underage girls. For nearly a decade after Kelly was cleared of child pornography charges in 2008, many of those questions quieted — only to be stirred to life again by a 2017 BuzzFeed investigation.

Since then, more women have come forward accusing the star of sexual misconduct and abuse, including Kelly's ex-wife, Andrea Kelly. And the new year has brought a popular docuseries from Lifetime on the allegations, a flurry of disavowals from former collaborators, protests from activist groups, and public pressure that led to his record label dropping him.

Gloria Allred, the attorney representing Scaff and Washington, also alleged last month that another client of hers, Faith Rodgers, suffered retaliation for speaking out against Kelly.

"While R. Kelly has rocketed to fame and fortune, he has used his celebrity status to victimize countless young women who were afraid to speak out until now," Allred said Thursday. "We applaud Latresa and Rochelle and the other accusers who have had the courage to come forward."

She added that both women planned to speak with the U.S. Attorney for the Eastern District of New York.

"I am speaking out because I want to encourage other victims who I know must be out there to come forward as well," Scaff said. "I want justice for anyone who is a victim of R. Kelly."

## General Crimes

Okoumou

### Statue of Liberty climber scales Texas building in immigration protest

Fox News  
Travis Fedschun  
2/21/19

A woman who was convicted last year after climbing the Statue of Liberty scaled a building in Texas on Wednesday as part of a protest against immigration policies.

Therese Patricia Okoumou, 44, spent nearly eight hours on the Southwest Key building in East Austin while live streaming her demonstration.

During her protest, which included acrobatics, she was heard chanting, "Free the children - let them go," FOX7 reported.

She eventually jumped off the second floor of the building and landed on her feet, at which point she was surrounded by police. She was then taken to a hospital to be evaluated and could face trespassing charges, according to FOX7.

Okoumou's friends told KXAN-TV she spent the past few weeks planning the protest.

She posted on Facebook earlier in the day Wednesday about her plans to protest at Southwest Key.

Southwest Key Programs manages a shelter in Brownsville, Texas that houses children separated from their parents after crossing into the United States illegally, according to FOX7. Originally from San Antonio, the nonprofit is now based in Austin and are in charge of dozens of shelters who house children.

In December, Okoumou was found guilty of trespassing, interfering with agency functions and disorderly conduct following the event on July 4 where she scaled the Statue of Liberty.

Okoumou "endangered herself and the NYPD and U.S. Park Police officers who rescued and apprehended her," the U.S. Attorney's office for the Southern District of New York said.

The 44-year-old is scheduled to be sentenced for that stunt on March 5. She faces up to 18 months in prison.

## **Judge wants to visit Statue of Liberty before sentencing climber**

NYPPost

By Priscilla DeGregory

2/21/19

A Manhattan judge overseeing the case against the woman convicted of climbing the Statue of Liberty last summer says he wants to get a first-hand look at her sky-high perch himself before he sentences her.

Federal Judge Gabriel Gorenstein said in a written order this week that he would like to visit the touristy landmark so that he can “better appreciate the risks or hazards created by defendant’s conduct.”

Gorenstein said that if it’s safe, he wants to stand on a ladder “so the Court (and counsel if requested) can view, while remaining on the ladder, the surface of the area where the defendant was situated,” according to court documents.

Therese “Patricia” Okoumou, a 44-year-old former personal trainer, climbed 24 feet up, arriving at Lady Liberty’s feet.

The climb, which forced tourists to evacuate, was made to protest US immigration policies, she says.

She was convicted on misdemeanor charges in the case in December and now faces up to one and a half years in prison.

Okoumou was also arrested again Wednesday — for climbing a four-story building in Austin, Texas, holding up a banner that said “Abolish ICE” and then climbing down hours later.

Okoumou’s lawyer, Ron Kuby, said, “We welcome the opportunity to revisit Lady Liberty with the Lady of Liberty.”

She is to be sentenced next month.

## Civil Division

### NYCHA

#### **Ex-SDNY Prosecutor Bart Schwartz Is Named NYC Housing Authority Monitor**

NY Law Journal  
By Colby Hamilton  
2/22/19

Guidepost Solutions LLC chairman Bart Schwartz, a former federal prosecutor who served under Rudy Giuliani in the Southern District of New York U.S. Attorney's Office, has been selected as the monitor to oversee the settlement agreement over conditions in the New York City Housing Authority.

Schwartz's selection was announced by U.S. Housing and Urban Development Secretary Ben Carson on Friday.

"We've found the person with the perfect experience to work with the nation's largest public housing authority under our agreement to reverse the chronic housing problems that for far too long have plagued hundreds of thousands of families," said Carson. "With Mr. Schwartz's appointment, NYCHA can move full steam ahead on an action plan to improve the deplorable housing conditions being endured by its residents."

Schwartz will step in to oversee the implementation of the settlement announced in January between the City of New York, HUD and the U.S. Attorney's Office for the Southern District of New York.

Under the agreement, Schwartz will have the power to reorganize the management structure of the troubled housing authority, as well as implement the remediation plans for a host of issues affecting some of the nearly 400,000 residents, including the removal of lead paint and mold, and physical repairs to elevators and apartments.

As part of the agreement, the city will continue to invest billions in improving conditions in the housing complexes. Left out of the equation is any additional federal funding from HUD or elsewhere, despite federal commitments to NYCHA falling by nearly \$3 billion since 2001, according to NYCHA.

Schwartz did not respond to requests for comment, but said in a statement, "I look forward to working to achieve living conditions for NYCHA residents that are decent, safe, and sanitary."

Schwartz's background in oversight roles is extensive. In 2016, Schwartz was hired by New York Gov. Andrew Cuomo to investigate the so-called Buffalo Billion project in Western New York, after it came under investigation by the Manhattan U.S. attorney's office. A final report in September found extensive problems with the funding process. The architect of the program, Alain Kaloyeros, was later found guilty of fraud in a connected bid-rigging scheme.

Additionally, Schwartz's federal roles include monitor oversight of GM's compliance with fixes secured by prosecutors after the ignition switch recall scandal, and as an overseer of the insider trading compliance of SAC Capital Advisors Inc.

## HUD Appoints Former Manhattan Prosecutor As New Federal NYCHA Watchdog

Gothamist

By Elizabeth Kim

2/22/19

Federal housing officials announced on Friday the appointment of a private investigator and former Manhattan prosecutor for the role of overseeing the New York City Housing Authority.

The appointment of Bart Schwartz, who was first reported as a candidate for the job last month, follows an agreement the city made last month with federal housing officials. One of the stipulations was that the federal government would install its own watchdog to oversee NYCHA, which federal prosecutors said had undergone years of mismanagement that exposed its residents to lead paint as well as other health hazards.

The press release said that Schwartz will "observe NYCHA's key operations, especially as they relate to lead safety, heat, pest control, and elevators" and submit quarterly reports to the U.S. Department of Housing and Urban Development as well as the U.S. Attorney for the Southern District of New York, whose office had led the investigation into NYCHA.

"I look forward to working to achieve living conditions for NYCHA residents that are decent, safe, and sanitary," Schwartz said in the statement. "The Agreement serves as a blueprint that sets out my duties and responsibilities for achieving those goals."

During the 1980s, Schwartz worked for former NYC mayor Rudy Giuliani as an Assistant U.S. Attorney in New York's Southern District, when Giuliani headed the criminal prosecutions division. More recently, in 2016, he was tasked by Governor Cuomo to perform an internal review of a Buffalo economic incentive program after U.S. Attorney Preet Bharara's office targeted the administration's construction contracts for undisclosed conflicts of interest. Among those who were ultimately convicted were Joseph Percoco, Cuomo's former top aide and campaign manager, and Alain Kaloyeros, the former president of the State University of New York Polytechnic Institute.

In a report to the state, Schwartz found a "sloppy process" and "systemic problems," according to a spokeswoman for the state Comptroller Thomas DiNapoli. "His reports clearly demonstrate why we need to tighten oversight over economic development spending and fix the weaknesses in the procurement process."

Schwartz earned more than \$1 million for the contract with the state.

The newly appointed NYCHA watchdog also has a curious connection to Lenora Fulani, a controversial political activist who most recently has been involved in the opposition against NYCHA's privatization efforts. Schwartz chairs a children's theater group founded by Fulani, according to The City.

Fulani is among a group of organizers who are fighting the privatization of NYCHA, which involves handing of the day-to-day management of the 175,000 apartments to private companies as well as partnerships with private developers for infill projects on NYCHA properties. Both measures are intended to help NYCHA raise much needed money for capital repairs.

Reached by phone on Thursday, Schwartz declined to comment on the reports. Fulani did not immediately respond to a request for comment.

"This isn't just a fight for people being attacked," Fulani told Gothamst during a small protest at City Hall earlier this month. "It's about what kind of city we want and how we want to live our lives."

In the press release, HUD said it was continuing to provide NYCHA with \$1.5 billion this year or \$28.8 million a week. Some have criticized the city's deal with HUD for failing to secure more federal funding for NYCHA repairs.

Schwartz is currently the chairman of Guidepost Solutions, a firm that works on security, investigation and compliance issues. His bio on the company's website begins with the following detail, "Described by The New York Times as the person 'often sought out in...thorny situations'..."

## Civil Frauds

### FEMA

#### **De Blasio administration will pay more than \$5 million after scamming FEMA with fake Superstorm Sandy claims**

Washington Examiner

By Anna Giaritelli

2/21/19

New York City will reimburse the federal government more than \$5 million for its attempt to scam the Federal Emergency Management Agency with bogus claims it submitted after Superstorm Sandy hit the city in 2012, according to a settlement filed in Manhattan federal court Wednesday.

U.S. Attorney Geoffrey Berman in Manhattan said the incident took money FEMA should have been able to give to "legitimate disaster victims in desperate need." Instead, city officials in Democratic Mayor Bill de Blasio's administration attempted to claim millions of dollars the city was ineligible to receive.

The city told FEMA in May 2014 that it lost 132 Department of Transportation vehicles as a result of the storm and asked to be reimbursed \$4.13 million by the Department of Homeland Security for replacements. But the federal government learned that many of the passenger, commercial, and heavy equipment vehicles had been damaged or deemed inoperable before Sandy struck New York.

"Many of the vehicles for which the City sought full replacement costs had been nonoperational or not in use prior to the storm," according to the U.S. Attorney's office in the Southern District of New York. "As a result of these false certifications, FEMA paid the City millions of dollars to which it was not entitled."

New York City officials admitted to falsely claiming \$4.13 million in damages and agreed to relinquish the rights to another \$1.18 million that FEMA had previously approved for the Berman's office said in a news release. New York has also withdrawn requests for another \$3.20 million after acknowledging they were not legitimate requests.

A federal judge will have to approve the settlement.

The city has since appointed a new compliance officer and implemented a new system to track its thousands of city vehicles.

A spokesman for the city's transportation department said the city cooperated with the U.S. attorney's office after being contacted in 2016 about its claim.

"In 2016, the U.S. Attorney for the Southern District alerted DOT that reimbursement claims submitted by the agency to FEMA included damaged vehicles that may not have been eligible for reimbursement. We cooperated fully with the subsequent review, and worked together to reach an amicable settlement," spokesman Scott Gastel said in a statement.

## New York City Admits Defrauding FEMA Out Of Millions After Superstorm Sandy

NPR

By Matthew S. Schwartz

2/21/19

In the days after Superstorm Sandy soaked the East Coast, New York City Department of Transportation workers cataloged the damage to the agency's fleet of vehicles. That information was handed over to the Federal Emergency Management Agency, which would give the city enough money to replace the damaged vehicles with new ones.

Only one problem: Many of those vehicles were damaged before Sandy hit. Some hadn't been operational in years and had been marked for salvage long before the storm.

The city has agreed to reimburse the federal government \$5.3 million for its false claims, according to the settlement proposed Wednesday.

City officials who certified that the vehicles were damaged during Sandy either knew they were making false statements or did so "with reckless disregard or willful blindness as to their truth," U.S. Attorney for the Southern District of New York Geoffrey Berman said in a complaint accompanying the proposed settlement.

"When people lie to FEMA about the cause of property damage in order to reap a windfall, it compromises FEMA's ability to provide financial assistance to legitimate disaster victims in desperate need," Berman said in a statement.

In examining the fleet, city employees "considered only whether a vehicle had sustained any damage during the storm, without regard to the condition of the vehicle prior to Sandy," the complaint said. As a result, "many of the vehicles that Fleet Services included on its 'final' list of Sandy-damaged vehicles had been non-operational — and some had even been marked for salvage — years before Sandy."

In a statement, the DOT said it first learned of the problem in 2016, when a U.S. attorney alerted the department that its Sandy-related reimbursement claims were overly broad. The DOT tells NPR that it "cooperated fully" with an investigation and has since "instituted stronger procedures to reduce the risk of this ever happening again, including a new grants compliance officer and a centralized, comprehensive tracking system for the agency's thousands of fleet vehicles."

But according to the settlement, a city employee first notified the city of ineligible claims in 2014. The deputy commissioner of DOT, who signed the certification stating Sandy caused the damage, was informed by the employee in a June 2014 email that some of those vehicles had been "junk for years." That employee said that DOT itself had told New York Police Department in 2009 that the paving machines had been "sitting under the highway in the dump for seven years and were being pick[ed] apart by vandals," the complaint said.

Even after receiving that email, the city continued to seek reimbursement from FEMA for those vehicles.

Only after the city became aware of the U.S. Attorney's investigation did it amend its request, offering to return more than \$3 million for seven paving vehicles it had erroneously included in its first reimbursement request, according to the settlement.

But the U.S. attorney argued that the city still requested reimbursement for several additional vehicles that were damaged before the storm.

"With so many New York residents impacted by Superstorm Sandy, it is critical to ensure every dollar of appropriated relief funds are properly used and accounted for," said Mark Tasky, special agent in charge of the U.S. Department of Homeland Security's Office of Inspector General, in a statement.

## NYC Agrees To Reimburse Government For Fraudulent Post-Sandy FEMA Claims

Gothamist

By Clair Lampen

2/21/19

New York City filed \$12 million in FEMA requests following Superstorm Sandy, asking federal aid for a number of vehicles the Department of Transportation knew to be "junk." That's according to a claim the U.S. Attorney for the Southern District of New York, Geoffrey Berman, filed Wednesday, which directs the city to reimburse over \$5 million in fraudulently acquired funds.

"When people lie to FEMA about the cause of property damage in order to reap a windfall, it compromises FEMA's ability to provide financial assistance to legitimate disaster victims in desperate need," Berman said in a statement, affirming his commitment "to protect[ing] FEMA and its vital programs from fraud, waste, and abuse."

Berman alleged that the DOT sent members of its Fleet Services team to survey the vehicular damage wrought by Sandy, the 2012 hurricane that killed 48 people in New York and has cost over \$100 million in home repairs. The DOT did employ people with the training and knowledge to accurately assess Sandy-specific damages, according to the complaint, but that knowledge wasn't reflected in the inspections: workers simply tallied all vehicles that sustained storm injuries, regardless of whether or not they'd been in working condition before disaster struck. They came up with 132 vehicles, totaling over \$12.7 million in damages. A DOT official signed off on the list, certifying that it complied with all FEMA grant conditions.

The city's own records, however, disproved parts of the claim. Seven of the included paving machines had already been earmarked for salvage; a trailer trash pump and trailer had been removed from service in 2010; and five of the vehicles had been "sitting under the highway in the dump for seven years and were being pick[ed] apart by vandals stealing brass fittings, copper wire harnesses and anything else they could sell for scrap," per a 2014 email from a DOT employee to the department's deputy commissioner. The city did not adjust the claim at that time, and indeed, only admitted to the possibility of an error when it learned that the DA was looking into the discrepancies in 2016.

When the department got wind of possible hot water on the horizon, it reportedly offered to repay \$3 million, but that does not fully cover the oversight. Now, it has agreed to give back over \$4.1 million and forfeit nearly \$1.2 million in FEMA aid still to come. DOT officials have also admitted to signing off on paperwork without doing their due diligence as to the nature and cause of the damage, and without giving their reports sufficient instruction about what they should be looking for. As a result, the city included a number of ineligible vehicles in its claim, which it knowingly declined to update after learning about the error.

The DOT had not responded to Gothamist's request for comment at time of publication, but told NPR that the department "cooperated fully" with the investigation and "instituted stronger procedures to reduce the risk of this ever happening again, including a new grants compliance officer and a centralized, comprehensive tracking system for the agency's thousands of fleet vehicles."

The takeaway is clear: this sort of fraudulent abuse of emergency funding simply will not be tolerated in the Trump administration.

## DOJ sues New York over FEMA claims related to Sandy

The Hill  
By Tal Axelrod  
2/20/19

The Department of Justice (DOJ) sued New York City Wednesday over its claims to the Federal Emergency Management Agency (FEMA) after Hurricane Sandy.

The lawsuit, which was filed in the federal court for the Southern District of New York, is seeking damages and civil penalties tied to the DOJ's allegations that the city falsified damages in a report to FEMA following the hurricane.

"The City falsely certified that Sandy had directly caused all of the damage and replacement costs. In fact, many of the vehicles identified in the [project worksheet] were damaged and/or inoperable long before Sandy, and thus ineligible for indemnification," the DOJ claims.

"FEMA paid [the New York City Department of Transportation] NYCDOT millions of dollars to replace vehicles that were ineligible for indemnification because they were not damaged by Sandy. FEMA would not have agreed to pay NYCDOT any of these funds had it known that the certifications were false and that many of the vehicles listed ... were ineligible for indemnification."

New York Gov. Andrew Cuomo (D), Mayor Bill de Blasio (D) and the New York City Department of Transportation did not immediately respond to requests for comment from The Hill.

The lawsuit says New York City requested \$12,758,664 to replace 132 vehicles that had been damaged "beyond repair" as a result of the hurricane, including passenger vehicles, heavy equipment and commercial vehicles. It notes that the city sent a second certification confirming the damages reported were direct results of Sandy.

The DOJ claims that the Department of Transportation officials who filed the claims either did so knowing they were false or made the certifications "with reckless disregard or willful blindness as to their truth or falsity."

The 2012 storm, which was the worst the Northeast had seen in years, resulted in 43 deaths in New York City, power outages impacting 2 million people and about \$19 billion in property damage.

## Matters of Interest

### Judge rules DOJ violated the law by failing to confer with victims of Jeffrey Epstein

CNN

By Ross Levitt, Elizabeth Hartfield, and Caroline Kelly

2/21/19

A federal judge in Florida ruled that the Department of Justice broke the law by failing to confer with victims of Jeffrey Epstein, a well-connected Palm Beach billionaire and alleged serial sex abuser of underage girls, about the 2008 plea deal that garnered him only 13 months in prison and no federal trial.

Judge Kenneth Mara issued the ruling Thursday as part of a years-long lawsuit brought by victims of Epstein identified only as Jane Does. However, the ruling does not address what remedy, if any, the plaintiffs are entitled to going forward nor the legality of the plea deal itself.

In November, the Miami Herald reported that when Labor Secretary Alexander Acosta was a US attorney in Florida, he gave Epstein the "deal of a lifetime." In a sweeping review of the politically connected billionaire's case, the Herald explained how Acosta had made an agreement with Epstein to avoid major repercussions for the hedge fund manager, even though a federal investigation had identified 36 underage victims.

The report said Acosta had brokered a deal with one of Epstein's attorneys where he pleaded to two state prostitution charges, ultimately serving only 13 months and avoiding a federal trial. He also registered as a sex offender and paid restitution to the victims identified by the FBI.

The agreement, the Herald said, "essentially shut down an ongoing FBI probe" and further granted immunity to "any potential co-conspirators" in the case.

Earlier this month, Sen. Ben Sasse, a Nebraska Republican who's a member of the Judiciary Committee, said he had received a letter from the Justice Department informing him that its Office of Professional Responsibility had "opened an investigation into allegations that Department attorneys may have committed professional misconduct" in their handling of a 2008 plea deal reached between Acosta, then the US attorney in Miami, and Epstein.

In a statement Thursday, Sasse called for the Justice Department to re-examine Epstein's deal.

"I'm relieved that the court agrees that it was wrong to hide this child rapist's pathetically soft deal from his victims, in violation of federal law," Sasse wrote. "The fact that it's taken this long to get this far is heartbreaking and infuriating. The Department of Justice should use this opportunity to reopen its non-prosecution agreement so that Epstein and anyone else who abused these children are held accountable."

The Department of Labor cited the Justice Department's long-standing defense of Acosta's actions in a statement Thursday.

"For more than a decade, the actions of the U.S. Attorney's Office for the Southern District of Florida in this case have been defended by the Department of Justice in litigation across three administrations and several

attorneys general," a Labor spokesperson wrote in a statement. "The office's decisions were approved by departmental leadership and followed departmental procedures."

Acosta told CNN earlier this month that he "welcomes" the Office of Professional Responsibility's probe into his handling of Epstein's plea agreement.

"I welcome OPR's review of this," Acosta said, noting that it's not the first time the decision has been examined. "I will cooperate fully," he added.

Acosta also denied any wrongdoing.

"Absolutely not," he said when asked if there had been any wrongdoing on his part. "This is a matter that has been reviewed by Department of Justice leadership. This is a matter that has been defended by the Department of Justice over the intervening 12 years across five attorneys general and multiple administrations."

In December, Epstein settled a separate lawsuit that could have allowed for several of his accusers to tell their stories in open court.

## The Lawyers Who Did Not Break

NYT - Opinion

By David Brooks

2/21/19

A crucial question of the Trump years has always been: Will our institutions hold? Will the legal, political and social institutions of American life be able to withstand the norm-destroying corruption of King Chaos?

The U.S. Congress has not fared well. Many Republicans have been supine while Donald Trump has shriveled congressional authority and shredded the rules of basic democratic behavior.

The American legal system, however, seems to be holding up pretty well. Even under the intense Trumpian pressure my Times colleagues described earlier in the week.

Robert Mueller is a solid rock in the face of waves of calumny. If anything, the investigators at the Southern District of New York seem to be picking up the pace. These investigations are being led, it should be noted, by Republicans.

The S.D.N.Y. investigation seems to be zeroing in on the \$107 million Trump inauguration extravaganza. From the hints dropped by the subpoenas, one gets the impression that the inauguration was a shambolic grabfest in which people with money tried to turn it into power and people who suddenly had power tried to turn it into money.

Some legal experts believe the inauguration is being aggressively probed as a racketeering operation — a continuing criminal enterprise, complete with mail fraud, wire fraud, money laundering and the rest.

So why aren't the legal authorities wilting? One explanation: institutions and character. The legal institutions instill codes of excellence that are strong enough to take the heat. The people in authority have enough character to live up to those codes.

The head of the S.D.N.Y. office is Geoffrey Berman, a Trump appointee. Berman has recused himself where that is appropriate and pushed ahead where that is appropriate. The people on his team are famously independent professionals.

Let's just pick out one, to illustrate the type: the man Berman chose to be his deputy, Robert Khuzami.

Khuzami was born in Brooklyn (you can't understand the Trump presidency without understanding the resentments and cultural geography of the New York boroughs) and raised in Rochester. According to a 2013 Times DealBook story, he was born into a bohemian family, with ballroom-dancer parents, a muralist sister and a drummer brother. They joke that Robert is the "white sheep" in the family.

He began college at the State University of New York at Geneseo before transferring to the University of Rochester. He supported himself as a dishwasher, bartender and overnight dockworker. He went to Boston University law school and his career took off.

Khuzami has served through three separate intense investigations. In the 1990s he was part of the team that prosecuted Omar Abdel Rahman, the "Blind Sheikh," who led a foiled plot to blow up the United Nations and

other landmarks. In 2009, in the wake of the financial crash, he was named head of enforcement at the Securities and Exchange Commission, revitalizing a demoralized unit. And now he is part of a team taking on the president of the United States.

In between his government service, he's taken lucrative private sector jobs, as general counsel for Deutsche Bank and as a partner at Kirkland & Ellis.

Andy McCarthy was one of Khuzami's fellow prosecutors in the Blind Sheikh case. In his book "Willful Blindness," McCarthy describes Khuzami as fearless, dogged and willing to contend with the thorniest knots of evidence. In an email to me, McCarthy wrote that Khuzami "is as terrific as you may suspect he is."

Over the years, Khuzami's employees have generally described him as intimidating but likable. He was intimidating after the financial crisis. In the 2011 fiscal year, for example, the S.E.C. brought a record 735 enforcement actions. In the same year, his division collected \$2.8 billion in penalties and disgorgement.

His critics have often come from the left. Khuzami spoke at the 2004 Republican National Convention, in defense of the Patriot Act. Some argue, plausibly, that as general counsel to Deutsche Bank from 2004 to 2009, he should have been aware of the financial shenanigans of that era. Others argue that since he's been through the revolving door between the elite firms and big government, he's actually been soft on Wall Street bigs, charging them penalties but not actually holding them responsible.

The critics may have a point. But when you look at Khuzami and the prosecutors like him, you see people who had been formed — who have been carved by institutions and experience for a moment and role like this.

Khuzami is a tested professional. He's proved his skill at the highest levels. He's a Wall Street and legal insider. He's seen national security, Wall Street and white-collar corruption from all angles. And he's a patriot. He's given up lucrative jobs to serve.

The point of this is not to lionize Khuzami. He's part of a team. There are teams like that spread anonymously throughout the U.S. government. They are clinging tenaciously to the old standards of right and wrong, to the Constitution and the rule of law. And if we get through this, it will be because of people like them.

## New Attorney General in Hot Seat as Mueller Report Nears

NYT

By The Associated Press

2/22/19

William Barr has been attorney general for just one week but is on the cusp of staring down what will almost certainly be the most consequential decision of his long career: how much of the special counsel's findings to make public.

The position catapults him from Justice Department outsider free to theorize and speculate on special counsel Robert Mueller's investigation to the man at the center of the legal and political firestorm that will accompany its looming conclusion.

With Deputy Attorney General Rod Rosenstein preparing to exit after supervising the day-to-day investigation for nearly two years, and with Trump loyalist Matthew Whitaker now replaced in the top job, Barr is in the hot seat: He is responsible for navigating the department through congressional and public demands for details of Mueller's findings while dealing with a White House that may try to challenge, or even stifle, the conclusions.

Friends say Barr is accustomed to pressure-cooker situations by virtue of his experience as attorney general from 1991 to 1993 under President George H.W. Bush and other senior Justice Department jobs. He had leadership roles when Los Angeles erupted in riots after the Rodney King verdict and when Cuban inmates took hostages at a prison in Alabama. He blessed Bush administration pardons in the Iran-Contra scandal and offered legal advice on the White House's ability to invade Panama.

In this case, though, no less than the fate of Donald Trump's presidency may hang in the balance of whatever Barr decides.

"I'm sure it's going to be a tough set of decisions and circumstances, but Bill doesn't shy away from tough situations," said former Justice Department colleague Timothy Flanigan. "He's not likely to sit there fretting over what does this mean for his legacy or his long-term political viability."

Although Barr carefully weighs difficult decisions and consults others before making them, once he's made them, "he doesn't kind of circle and fret," Flanigan said.

Key decisions are expected soon as Mueller shows signs of concluding his investigation into Russian interference in the 2016 U.S. presidential election and possible coordination with the Trump campaign.

Mueller is required to produce a confidential report to Barr explaining his decisions to pursue or decline prosecutions. Barr will then have to decide how much of Mueller's findings should be disclosed to the public. Barr is required to say the investigation has concluded and describe or explain instances when he or Rosenstein decided an action Mueller proposed "was so inappropriate or unwarranted" that it should not be pursued

At his confirmation hearing last month, Barr was noncommittal about his plans. He noted that while department protocol guards against releasing internal memos explaining charging decisions, he would support making as much information public as possible, "consistent with the law." He said in his congressional testimony that he will write his own report summarizing Mueller's findings for Congress and the public.

"I can assure you that, where judgments are to be made by me, I will make those judgments based solely on the law and will let no personal, political or other improper interests influence my decisions," he said.

The uncertainty has led to a public discussion about Barr's options and recommendations from all corners on what he should do. Former FBI Deputy Director Andrew McCabe told reporters Thursday that he wanted Mueller's findings to see the light of day, while Ari Fleischer, a former press secretary to President George W. Bush, proposed a joint announcement involving Barr and Mueller.

Meanwhile, White House spokeswoman Sarah Sanders told reporters Friday that Trump was leaving the decision to Barr.

"If he did it the other way, you guys would go crazy," she said.

Democrats could use Mueller's findings as the basis of impeachment proceedings and have threatened to subpoena them if they are withheld from Congress. It's not clear what the White House or Trump's lawyers may do to learn details of Mueller's findings. But they may try to block the public release of any report that they believe could expose private conversations between the president and his staff.

Hovering in the background is the 2016 decision by then-FBI Director James Comey to break Justice Department norms in the Hillary Clinton email investigation by publicly criticizing the Democratic presidential candidate even while saying she wouldn't be charged. Barr has said he disagrees with Comey's decision and considers it a mistake.

It's unclear what Mueller will place in his report and how far it will go in answering the central question of the investigation — whether the Trump campaign colluded with Russia — or how much he will reveal about whether the president sought to obstruct justice through firing Comey and other actions.

Though Barr made clear at his confirmation hearing that he agreed Russia had meddled in the 2016 election and that he, unlike Trump, did not consider Mueller's investigation to be a "witch hunt," his view on the obstruction question is more nuanced.

As a private citizen, he sent the Justice Department a memo last June arguing that Trump couldn't be investigated for firing Comey because a president has discretion to hire and fire subordinates. He has since sought to make clear that he believes that a president can be guilty of obstructing justice in other ways, such as by destroying evidence or instructing witnesses to lie.

It's not clear if Mueller will make recommendations about the president, though Barr has said he sees no reason to revisit Justice Department legal opinions that say a sitting president cannot be indicted.

Barr, who friends say was reluctant to return as attorney general, has made clear that at age 68, he feels empowered to do the right thing and not care about the consequences. But that doesn't mean it will be easy.

"I'm kind of glad it's him," Flanigan said, "and not me."