

SDNY News Clips  
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## Public Corruption

Avenatti

### Avenatti Says Nike Agreed To Pay Zion Williamson \$35K

Law 360

By Zachary Zagger

8/15/19

Embattled attorney Michael Avenatti referenced alleged texts between Nike executives discussing an illicit \$35,000 payment to eventual NBA No. 1 draft pick Zion Williamson before he committed to Duke University, in a motion filed late Wednesday seeking to escape federal criminal charges alleging he attempted to extort the shoe company.

Avenatti told a federal court that federal prosecutors in Manhattan are selectively and vindictively prosecuting him over allegations he attempted to extort Nike by threatening to go public with evidence of illicit payments to amateur basketball players in violation of NCAA rules during settlement negotiations for a potential lawsuit by a California youth coach.

Avenatti argued that prosecutors went after him without even looking at the "claim of right" of his client Gary Franklin Sr., a former coach for a youth basketball team in California sponsored by Nike's Elite Youth Basketball, or EYB, program. Franklin sought to file the suit before Avenatti even came on board after he grew uncomfortable with Nike EYB executives making him funnel illicit payments to his youth players, Avenatti argued.

"The haste with which this white-collar case was brought ... without any meaningful attempt to understand the underlying facts or Coach Franklin's 'claim of right' — raises significant questions about law enforcement's motives," the motion said. "It raises serious questions as to why, in a white-collar case, the [U.S. Attorney's Office for the Southern District of New York] disregarded its usual deliberate and careful investigative process in favor of a quick arrest of Mr. Avenatti and a big media splash."

Prosecutors say Avenatti threatened to extort Nike by revealing the misconduct allegations on the eve of its quarterly earnings call if Nike didn't pay his client \$1.5 million and hire Avenatti and another attorney to conduct an internal investigation costing between \$15 million and \$25 million.

In Wednesday's motion to toss those charges, Avenatti's legal team provided a taste of the type of evidence Avenatti claimed he would unveil, arguing that it was evidence that Franklin had a valid legal claim against Nike and that the company was in need of an internal investigation.

The motion references an alleged text exchange in February 2017 between Jamal James, a former executive with Nike EYB, Carlton Debose, director of the EYB program, and Nike's former recruiting coordinator John Stovall.

James allegedly texted Debose and Stovall asking whether they would be "willing to do ... whatever may be needed" for Williamson, then Indiana University basketball player Romeo Langford and another unnamed player from Michigan.

Stovall responded with a list: "Langford – 20 Zion – 35 plus [minor] – 15."

Debose then sent a text that he was willing to pay the trio "\$70,000" and that they should "stay aggressive," the motion alleged.

Williamson went on to play at Duke, a Nike-sponsored school and was selected No. 1 overall by the New Orleans Pelicans in this year's NBA draft. He later signed a shoe sponsorship deal with Nike's Jordan Brand. Langford was selected 14th overall by the Boston Celtics.

NCAA rules prohibit recruits from receiving such payments, and last year a former Adidas executive and another consultant were convicted last year on corruption charges brought by the same prosecutor's office for the similar illicit payments aimed at steering players to Adidas schools.

A Nike spokesman issued a statement to Law360 Thursday that said: "Nike 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's motion further questioned whether U.S. Attorney for the Southern District of New York Geoffrey Berman was a "stalking horse" for President Donald Trump after he and the president got into a public feud over Avenatti's representation of adult film actress Stormy Daniels — whose real name is Stephanie Clifford — in a lawsuit over a hush-money deal with Trump.

The motion questioned why Berman, who was appointed by Trump after working for and donating to his presidential campaign, did not recuse himself as he did with an investigation into Trump's personal lawyer Michael Cohen, who negotiated the alleged hush-money.

"That Mr. Avenatti would not have been prosecuted except for the animus is abundantly clear given that USA Berman has opted to not seek an indictment of the only other similarly situated individual (or Nike, for that matter, and its executives)," the motion argued.

The other individual is celebrity lawyer Mark Geragos, who represented former NFL quarterback Colin Kaepernick in a collusion grievance against the league. Avenatti and Geragos met with Nike's attorneys from Boies Schiller Flexner LLP, who reported Avenatti to federal investigators, about a potential pre-lawsuit settlement in Franklin's case just four days before prosecutors brought charges against him. Geragos has not been charged.

The Nike extortion case is just one of three federal criminal cases Avenatti is facing. In one of those cases, Los Angeles federal prosecutors have charged him with embezzling millions from five separate clients, tax evasion and obstruction, bank fraud, and bankruptcy fraud.

On Wednesday, a receiver for Avenatti's defunct law firm Eagan Avenatti LLP urged the California federal court in that case to prohibit Avenatti from having "unfettered access" to client files and electronic data at the firm because it would present "unacceptable risks that such access may lead to unnecessary and irreparable damage to the rights and interests of EA's former clients."

Representatives with the U.S. attorney's office and Avenatti did not respond to requests for comment Thursday.

Avenatti is represented by Jose M. Quinon and Scott A. Srebnick.

The government is represented by [REDACTED] of the U.S. Attorney's Office for the Southern District of New York.

The case is U.S. v. Avenatti, case number 1:19-cr-00373, in the U.S. District Court for the Southern District of New York.

## Epstein

### New Jersey's Teterboro Airport was travel hub of Jeffrey Epstein's sex traffic ring

USA Today  
Christopher Maag  
8/16/19

Jeffrey Epstein's globe-trotting life of luxury and alleged sex trafficking traveled through an unlikely hub: Teterboro Airport in New Jersey. From his mansion in Manhattan to his ranch in New Mexico and his island in the Caribbean, Epstein allegedly used his fleet of private jets to deliver dozens of sex slaves – some as young as 14 – to celebrities, royals and famous politicians, according to statements made in criminal and civil court filings since 2008, some of which were first released to the public last week.

The heart of Epstein's global transportation network was a corporate airport carved from a New Jersey swamp. His planes, which ranged from a Cessna to a Gulf Stream jet to a Boeing 727, recorded at least 730 flights to and from Teterboro between 1995 and 2013, according to flight logs contained in documents unsealed last week by a federal court in a lawsuit brought by one of Epstein's alleged victims against one of his close associates.

This represents roughly a third of all of Epstein's flights, more than any other airport recorded in the logs.

Epstein was arrested July 6 at Teterboro Airport after flying from Paris. He was charged with two counts of sex trafficking. In the indictment, the U.S. Attorney's Office for the Southern District of New York, said Epstein and his employees operated a sex trafficking network that transported dozens of girls between his homes in Palm Beach, Florida, and Manhattan.

Epstein will never see trial.

He was found dead in his jail cell at the Metropolitan Correctional Center in New York City on Aug. 11. Two days later, U.S. Attorney General William Barr pledged to continue the investigation into Epstein's trafficking network and possible co-conspirators.

"Let me assure you that this case will continue on against anyone who was complicit with Epstein," Barr said at a news conference.

If that investigation moves forward, flight logs from Epstein's planes may prove to be an essential piece of evidence. The logs are voluminous, spanning thousands of flights between 1995 and 2013.

The logs were kept by David Rodgers, just one of at least six pilots employed by Epstein at various times, court documents show.

The other pilots included [REDACTED] according to a statement of facts filed by [REDACTED] in her 2015 lawsuit against Epstein associate Ghislaine Maxwell. In that suit, [REDACTED] alleges Epstein lent her out as a minor for sex with his friends.

Logs from the other pilots have not surfaced in court records. Rodgers and Vioski were subpoenaed by federal prosecutors in Manhattan shortly after Epstein's arrest in July, The New York Times reported, and both pilots have cooperated with the investigation.

Attempts to reach Rodgers for comment were unsuccessful.

Epstein and his associates also allegedly booked some of his sex trafficking victims on commercial flights, according to statements in court documents.

The logs, all 106 pages of which are written in Rodgers' blocky handwriting, mirror the ups and downs of Epstein's professional and personal life. According to statements made in state and federal court documents, they also show the names and initials of Epstein's victims, and of the people he allegedly employed to help operate his sex trafficking network.

The logs record 322 flights between Teterboro and Palm Beach, the site of Epstein's waterfront mansion. This is where Epstein recruited dozens of girls to provide him and his associates with massages and sex, according to claims made in documents from a local police investigation that were recently unsealed in federal court.

Rodgers flew Epstein's planes an additional 112 times between Teterboro and the U.S. Virgin Islands, where Epstein owned a 78-acre island with a mansion and two swimming pools, the flight logs show. It was there on a beach in 2001 that [REDACTED] performed massages and sex with Epstein, according to a court deposition by Sjoberg, who was 21 at the time.

Roberts was 17. She flew to and from Teterboro on Epstein's jet eight times starting when she was 16, according to the logs. In the Caribbean, workers at the airport in St. Thomas were disgusted to see Epstein, by then a man in his late 40s, flying with so many underage girls, according to interviews published by Vanity Fair magazine.

#### Teterboro Airport

Teterboro Airport sits in the floodplain of the Hackensack River, 12 miles west of Manhattan. It is a popular destination for corporate jets, which often ferry wealthy business executives and celebrities to and from New York City.

It operates as a reliever airport, removing smaller and slower aircraft from the congested flight paths of the region's three large commercial airports – LaGuardia, JFK and Newark Liberty. Most flights at Teterboro are coordinated by five fixed-base operators, private companies that operate as one-stop shops for wealthy plane owners. These operators handle everything from aircraft maintenance and fueling to baggage handling and hotel reservations for passengers.

All workers at Teterboro Airport receive training to report suspicious activity to law enforcement, said Cheryl Ann Albiez, a spokeswoman for the Port Authority of New York and New Jersey, which owns the airport. Members of the Port Authority Police Department patrol the airport, Albiez said, and are instructed to report matters, including sex trafficking, to the FBI.

"Teterboro is really an airport for the rich and famous," said Taina Bien-Aimé, executive director of the New York-based Coalition Against Trafficking in Women. "The customers there are very privileged, and can pull strings that can lead to confidentiality."

The flight logs unsealed by a federal court judge Aug. 9 list 82 trips to and from Teterboro by [REDACTED] and 48 trips by [REDACTED]. According to a 2008 plea agreement in an earlier sex trafficking case in Florida –

which reduced Epstein's punishment from a potential life sentence to 13 months in jail - [REDACTED] and [REDACTED] were identified as "potential co-conspirators."

Epstein's planes ferried underage girls from Teterboro to his various homes, according to allegations in court documents. Epstein's planes also flew direct from Teterboro to Paris, London, Ireland and Aspen, according to the flight logs. Prominent people listed in the logs as flying through Teterboro on Epstein's planes included Bill Gates and Alberto Pinto, a famous interior designer.

Another person who appears in the logs is Alan Dershowitz, a famous lawyer who helped lead Epstein's legal defense team against sex trafficking charges in 2007. Dershowitz was listed as flying through Teterboro on Epstein's planes seven times, according to the logs. The trips included one flight on Feb. 5, 2004, in which the logs indicate Dershowitz flew from Teterboro to Palm Beach accompanied by Epstein and [REDACTED]

[REDACTED] has claimed in various legal actions, including one as recent as April 2019, that Epstein forced her to have underage sex with several of his associates, including Dershowitz.

Rodgers' flight logs do not indicate that Dershowitz and [REDACTED] were ever on the same flight.

Dershowitz has aggressively denied [REDACTED] allegations, calling her a liar. [REDACTED] responded by suing Dershowitz for defamation.

In that complaint, [REDACTED] claims she was "regularly abused by Epstein and was lent out by Epstein to others for sexual purposes."

"Dershowitz was also a participant in sex trafficking, including as one of the men to whom Epstein lent out Plaintiff for sex," according to the complaint filed with the U.S. District Court in the Southern District of New York.

Oral arguments in the defamation case are scheduled for next month. Dershowitz has filed a motion to dismiss.

#### Lolita Express

Another person who appears hundreds of times in the flight logs is Ghislaine Maxwell, a close friend of Epstein.

In depositions related to [REDACTED] civil lawsuit against Maxwell, which were recently unsealed by a federal court judge in Manhattan, several women alleged that Maxwell served as a recruiter and manager of Epstein's network of underage girls. Maxwell has vigorously denied the allegations, and she has never been charged with a crime.

[REDACTED] case against Maxwell settled in 2017.

According to the flight logs, Maxwell flew hundreds of times on Epstein's Boeing 727, a former commercial airliner coined the Lolita Express by news tabloids, a nickname based on Vladimir Nobokov's novel about a middle-aged professor who repeatedly rapes a 12-year-old girl.

The plane is registered with the FAA using a tail number that ends in Epstein's initials, JE. Other planes that appear in Rodgers' logs include a twin-engine Cessna with a tail number ending in Maxwell's initials, GM. Both planes spent days on the tarmac at Teterboro when not in flight, according to the logs.

The logs also appear to document changes in Epstein's business and social standing.

Beginning in 1995 and continuing for several years, Epstein flew regularly to Columbus, Ohio, home to billionaire executive Leslie Wexner. Wexner founded L Brands, a company that owns retail chains including Victoria's Secret and Bath & Body Works.

Over time the two men grew so close that Wexner gave Epstein power of attorney over his personal finances, with broad authority to invest and borrow money on Wexner's behalf. Those details were included in an Aug. 8 letter from Wexner to members of the Wexner Foundation, a charity he controls. The letter, which attempts to explain Wexner's relationship with Epstein, was also sent to news organizations.

According to the letter, Wexner cut ties with Epstein in 2007, as Epstein prepared to defend himself against charges of trafficking young girls in Florida.

Around that time, Epstein's flights to Columbus ceased, according to the flight logs.

How the logs were being recorded also changed.

For years, Rodgers filled his logs with the names and initials of people boarding Epstein's planes. When he didn't know his passengers' names, Rodgers accounted for them by writing notations such as "3 females" or "2 nannies," according to an interview with Rodgers by Palm Beach police contained in recently unsealed court documents.

But in February 2007, as state and federal investigators ramped up their investigations into Epstein's alleged trafficking ring, the names and initials of many of the passengers were no longer recorded in the logs.

## Prosecutors seek to question ██████████ second British woman with ties to Epstein

NY Post

By Lia Eustachewich

8/16/19

Prosecutors in the US are seeking to interview a second British woman with links to Jeffrey Epstein, according to a new report.

Epstein's accusers told investigators that ██████████ was part of the convicted pedophile's inner circle in the early 2000s, The Telegraph in the UK reported.

One of the alleged victims ██████████ said ██████████ once showed her how to massage Epstein at his mansion in Florida, according to court documents unsealed earlier this month.

"At that point, I met ██████████ (sic), and she took me up to Jeffrey's bathroom and he was present," ██████████ said in a deposition. "And her and I both massaged Jeffrey. She was showing me how to massage. And then she — he took — he got off the table, she got on the table. She took off her clothes, got on the table, and then he was showing me moves that he liked. And then I took my clothes off. They asked me to get on the table so I could feel it. Then they both massaged me."

██████████ served as a personal assistant to Ghislaine Maxwell, Epstein's girlfriend and alleged madam who victims said groomed them to become his sex slaves.

██████████ told lawyers that Maxwell referred to ██████████ as "her slave," according to the filing.

Flight logs indicate that she flew on Epstein's so-called "Lolita Express" around the same time Epstein was allegedly trafficking girls and her name appeared in his "little black book" of contacts, The Telegraph said.

██████████ the daughter of an Oxford University professor, came to the US with the dream of becoming a model or actress and met Maxwell in New York. Maxwell set the young woman up in a Florida apartment and promised to take care of her in exchange for running errands and doing paperwork.

██████████, now 44, lives in Oxford and works as a voice-over artist.

She could not be reached for comment by The Telegraph.

**Jeffrey Epstein's former cellmate cleared of wrongdoing in incident that preceded his death**

NBC News

By Rich Schapiro and Jonathan Dienst

8/16/19

Jeffrey Epstein's former cellmate was cleared of any wrongdoing in the incident that left Epstein semiconscious in his cell three weeks before his death, according to the cellmate's lawyer and a source familiar with the matter.

Epstein, the disgraced financier who was facing federal sex-trafficking charges, was placed under suicide watch after he was found in a fetal position with marks around his neck inside the cell he was sharing with Nicholas Tartaglione, a former upstate New York police officer facing quadruple murder charges.

The July 23 incident at Manhattan's Metropolitan Correctional Center (MCC) was being investigated as a possible suicide attempt, assault or ruse by Epstein to get himself transferred to a different facility after he was denied bail on the sex-trafficking charges, officials said at the time.

But Tartaglione's lawyer Bruce Barket told NBC News that the day before Epstein's death, officials at the MCC informed him in an email that the internal investigation had concluded and his client would face no charges or internal discipline.

"We've always maintained Nick did nothing wrong and that's clearly been borne out here by the jail itself," Barket said.

An official familiar with the case confirmed Barket's account. A spokesperson for the MCC declined comment.

The disclosure deepens the mystery over why Epstein was removed from suicide watch in the days before he apparently took his own life.

Federal prison officials have released no information on the July 23 incident. Prison experts said the decision to take Epstein off suicide watch, where he would have been placed in a special cell and observed on a round-the-clock basis, would have been more appropriate if the incident was determined to be an assault as opposed to an attempt on his life.

"What this means is that whatever happened to Epstein was inflicted on himself," said Cameron Lindsay, a former warden at four federal facilities. "It looks like a pretty straightforward case of someone who wanted to die."

Lindsay said the "prudent, safe decision" would have been to keep him on suicide watch.

"Gosh, if I were him I'd want to be dead and I'm sure there are a multitude of people that would have wanted him to be dead," Lindsay said. "It's corrections 101."

Epstein, 66, died last Saturday in an apparent suicide inside his cell in a special housing unit where he was supposed to be checked every 30 minutes.

The death has brought increased scrutiny on the federal prison system, with lawmakers demanding answers on how a high-profile inmate facing up to 45 years in prison could be left alone after a previous incident that raised questions about his emotional state.

The FBI and the Justice Department Office of Inspector General are investigating the circumstances of Epstein's death at the MCC.

The judge overseeing the federal sex trafficking case asked for details of the incident after the MCC's warden filed legal papers to officially inform the court of Epstein's death.

"One open question, among others, is whether the investigations referenced in your letter will include the incident at MCC involving Mr. Epstein on or about July 23, 2019," Judge Richard Berman wrote in his response dated Aug. 12.

"To my knowledge, it has never been definitively explained what the BOP concluded about that incident."

The warden, who has since been reassigned from the facility, responded the same day but offered no new information.

"I can confirm that, although an internal investigation was completed regarding the July 23, 2019 incident, the current investigations by the FBI and OIG will include this incident as well," wrote the warden, Lamine N'Diaye.

"Accordingly, I cannot divulge any information about the prior investigation at this time."

## Complex Frauds and Cybercrime

### Panama Papers

#### Privilege Can't Shield Docs In Panama Papers Case, US Says

Law 360

By David Hansen

8/15/19

A Boston financier embroiled in the fallout from the Panama Papers document leak can't shield communications and documents from disclosure because they were used to commit crimes, the government has told a New York federal court.

Harald Joachim von der Goltz's discussions with attorneys furthered illegal activities such as hiding assets subject to U.S. taxes and willfully neglecting to file foreign bank account reports, the government argued in a motion filed Wednesday. The government asked the court to waive attorney-client and work product protections for the communications and documents under the crime-fraud exception.

"The government easily satisfies its burden of showing that documents reflecting relevant information were made in furtherance of a fraud or crime and, accordingly, the crime-fraud exception applies," it said.

Von der Goltz already had disclosed the information anyway, in depositions and other communications with government attorneys, so the documents shouldn't be protected, the government added.

Von der Goltz was indicted in December over his role in what prosecutors say was a decades-long criminal scheme run by law firm Mossack Fonseca & Co. and related entities to evade U.S. taxes through offshore bank accounts and shell companies, among other means.

With help from Mossack Fonseca, the government contends, clients such as von der Goltz used shell companies in offshore jurisdictions with strict financial secrecy laws that were technically owned by sham foundations to hide large amounts of money from the Internal Revenue Service.

The government seeks all communications von der Goltz made about his financial entities, including a family trust and foundation, with his attorneys at Mossack Fonseca and two unnamed law firms referred to as the Owens Firms.

Whatever privilege von der Goltz had was void because he used the services of Mossack Fonseca to create shell companies holding unreported assets in the U.S. and overseas for himself, the government argued. In support, the government cited a grand jury finding of probable cause that he conspired with agents at the firms to hide assets of the entities. That has been sufficient to exert the crime-fraud exception to privilege in prior cases, it argued.

Von der Goltz also voluntarily waived privilege over information about the financial entities, the government argued. He was named in news reports about the Panama Papers, a breach of about 11.5 million Mossack Fonseca documents detailing offshore financial services it provided to wealthy clients. This public information served as a waiver of privilege, and von der Goltz did not object to it, the government said.

In addition, von der Goltz disclosed information about his financial entities during a subsequent federal investigation, the government argued. He did not assert privilege over the discussions until “many months later,” the government said.

William A. Burck, an attorney for von der Goltz, declined to comment.

Representatives of the government did not respond to a request for comment.

The government is represented by [REDACTED] of the U.S. Attorney’s Office for the Southern District of New York, and by [REDACTED] and Parker Tobin of the U.S. Department of Justice’s Criminal Division.

Von der Goltz is represented by [REDACTED] of Quinn Emanuel Urquhart & Sullivan LLP.

The case is U.S. v. Ramses Owens et al., case number 1:18-cr-00693, in the U.S. District Court for the Southern District of New York.

Goldstein

#### 4th NY Doc Charged With Taking Insys Kickbacks Cops Plea

Law 360  
By Pete Brush  
8/16/19

A Manhattan osteopathic doctor pled guilty Friday to taking \$196,000 from Insys Therapeutics Inc. to prescribe its Subsys painkiller, becoming the fourth of five New York physicians charged with taking kickbacks in the form of speaker fees to admit guilt.

Jeffrey Goldstein, 49, copped to a count of conspiracy before U.S. Magistrate Judge Henry Pitman. He faces a maximum prison sentence of five years at his sentencing, tentatively scheduled for Jan. 22 before U.S. District Judge Kimba M. Wood.

Goldstein said he took Insys speaker fees from 2013 to 2015, which actually were kickbacks that influenced him to prescribe Subsys, a powerful painkiller, to patients. He said he never prescribed the fentanyl spray in a way that was medically unnecessary.

"I am sorry for what I've done and I apologize to the court," he said.

Goldstein faces a possible prison sentence in the range of four years and nine months to five years, according to his plea agreement. He has agreed to forfeit \$196,000.

Prosecutors say the Insys speaker program consisted of "predominantly social affairs" where no educational presentation occurred. Attendees' signatures were sometimes faked at the events, they say.

Three other doctors — Alexandru Burducea, Todd Schlifstein and Dialecti Voudouris — who were arrested and charged alongside Goldstein in 2018 by the Manhattan U.S. attorney's office have also entered guilty pleas.

An attorney for Goldstein, Marc Agnifilo of Brafman & Associates PC, reiterated after the hearing that his client "never sacrificed his medical judgment."

"The gravamen of the crime is economic in nature," Agnifilo said. "There's no allegation that the prescriptions were medically inappropriate in any way."

A fifth defendant, anesthesiologist Gordon Freedman, remains on track to stand trial before Judge Wood. Unlike his co-defendants, Freedman faces more serious charges. Prosecutors say Freedman prescribed "staggering quantities" of Oxycodone and fentanyl that killed a patient.

Goldstein is represented by Marc Agnifilo and Jacob Kaplan of Brafman & Associates PC.

The government is represented by David Abramowicz and Noah Solowiejczyk of the U.S. Attorney's Office for the Southern District of New York.

The case is U.S. v. Freedman et al., case number 1:18-cr-00217, in the U.S. District Court for the Southern District of New York.

## Violent and Organized Crime

Hernandez

### Tekashi 6ix9ine accused of faking kidnapping for new album 'buzz'

NY Post  
By Emily Saul  
8/16/19

A defense attorney for one of the men accused of kidnapping and robbing rapper Tekashi 6ix9ine said Friday that he believes that rainbow-tressed entertainer orchestrated the scheme himself to build publicity ahead of an album drop.

"No robbery or kidnapping or assault happened," said Devereaux Cannick, the defense attorney for alleged rapper-snatcher Anthony Ellison. "He was about to drop another album...gotta get that buzz up. That's how he makes money."

The comments came after Manhattan federal court judge Paul Engelmeyer moved the trial for Ellison, who's pleaded not guilty, and his alleged accomplice and fellow Nine Trey Gangsta Blood Aljermiah Mack back to Sept. 16.

Tekashi, whose real name is Daniel Hernandez, is expected to testify against the two men as government cooperator following his guilty plea earlier this year to federal racketeering charges. Prosecutors have said they intend to introduce his music videos as evidence at trial.

Cannick also claimed Friday that the car used to kidnap the "GUMMO" crooner in July 2018 had been inexplicably wired by the government ahead of time — meaning the whole encounter was recorded.

"We believe that's going to be very useful to us," the attorney said, smiling.

He added that the inked rapper's own Instagram account appears to show him unscathed in the days after the charged attack.

In a video posted July 24, 2018, Tekashi says he's going to donate a percentage of profits from his latest album, "FEFE," to charity. The footage then shows him handing out cash to screaming children in a playground.

Ellison and Mack both face up to life behind bars if convicted. A rep for Tekashi declined to comment.

## Terrorism and International Narcotics

Akasha

### Kenyan drug lord Baktash Akasha sentenced to 25 years

The Star (Kenya)  
By Oliver Mathenge  
8/16/19

A US court has sentence self-confessed international drug trafficker Baktash Akasha to 25 years in prison.

The Presiding Judge Victor Marrero also imposed a US\$100,000 (Sh10.3 million) fine on Baktash.

Baktash and his younger brother Ibrahim Akasha were charged for exporting tonnes of heroin to the United States.

They pleaded guilty to the charges and agreed to a plea bargain with the office of the Manhattan district attorney.

Ibrahim will be sentenced by Presiding Judge Victor Marrero in November.

The Akashas were extradited from Kenya without the knowledge of their families or lawyers despite there being a case in court challenging their extradition.

During the hearing in July, the judge said that he was "inclined" to accept the prosecution's narrative that the two are brutal mobsters.

He based his sentiments on a claim that Baktash was involve in a contract killing of South African drug lord identified as Pinky.

The two pleaded guilty to conspiring to import heroin into the United States and conspiring to import methamphetamine into the United States.

They also pleaded guilty to distributing heroin while knowing and intending that the drugs would be imported into the US, and distributing methamphetamine while knowing and intending that the drugs would be imported into the US.

Each of these four crimes carries a maximum sentence of life imprisonment and a mandatory minimum sentence of 10 years in prison.

The Akasha brothers also pleaded guilty to participating in a conspiracy to carry and use machineguns and destructive devices during and in relation to, and to possess machineguns and destructive devices in furtherance of, drug-trafficking offenses, which carries a maximum sentence of life imprisonment.

They also pleaded guilty to obstruction of justice, which carries a maximum sentence of 20 years in prison.

A document by the prosecution tabled in court on July 25, 2019 outlines reasons why the court should not be lenient on the Akasha brothers.

These reasons include Baktash's killing of his former wife, torturing his son, contracting killers to assassinate his father as well as gun-trafficking operations with terrorist group al Shabaab.

"The Akashas protected their lucrative drug business with violence, murder, and related threats, doing whatever was necessary to advance the criminal empire they inherited from their father after he was murdered in 2000," the document by the prosecution states.

The document says that in 2014, as part of a sting operation by the Drug Enforcement Administration, the Akashas were given the opportunity to import mass quantities of heroin and methamphetamine into the United States.

"They jumped at the chance. Ultimately, the Akashas supplied confidential sources working at the direction of the DEA with 99 kilograms of heroin and 2 kilograms of methamphetamine," it reads.

The prosecution also said that at the time of their arrest, the Akashas had another 500 kilograms of heroin en route from the Afghanistan-Pakistan region towards Kenya for intended distribution in the United States.

"While the Akashas pled guilty to their involvement in this drug importation conspiracy, they have now denied their participation in acts of brutal violence, and sought to minimize the extent of their historical drug operations," US state attorneys told the court.

The prosecutors relied on the testimony of Vicky Goswami who they described as "the Akashas' trusted co-conspirator who is now a cooperating witness for the Government. "

"Goswami is uniquely situated to provide the Court with an inside perspective of this crime family's illegal businesses. He had a decades-long criminal relationship with the Akashas," they told the court.

In 2013, after he was released from a long prison sentence in Dubai, Goswami moved to Kenya and worked in partnership with Baktash, Ibrahim, and others on their drug ventures and violence.

Goswami told the Court, the Akashas' involvement in, among other things, the murder of Pinky; the kidnapping and assault of rival drug trafficker David Armstrong.

He also gave details of violent attacks on associates of another rival drug trafficker Ali Punjani, including the kidnapping of an individual known as "Speedy" and the near-fatal assault of Tony Sanghani.

Goswami also described the Akashas' extensive use and possession of firearms, including handguns, machineguns, and grenades, as well as the Akashas' gun-trafficking operations with terrorist group al Shabaab.

The prosecution also used Goswami to describe how the Akashas used violence and guns as part of an illegal extortion business in Kenya.

"Goswami is also expected to testify about Baktash's violent behavior outside of his illegal businesses, including torturing one of his children, beating his current wife, and murdering his prior wife," the prosecution said at the pre-trial stage.

According to Manhattan US Attorney Geoffrey Berman, Baktash and Ibrahim Akasha were the leader and deputy of a sophisticated international drug trafficking network, responsible for tons of narcotics shipments throughout the world.

"Not only did they manufacture and distribute narcotics for over two decades, they kidnapped, beat, and murdered others who posed a threat to their enterprise," Berman said.

He added that when the brothers encountered legal interference, they bribed Kenyan officials — including judges, prosecutors, and law enforcement officers—in an effort to avoid facing the charges against them in the United States.

## Matters of Interest

### Trial-Heavy Fall Will Test FCPA Unit, Shape Law

Law 360  
By Jody Godoy  
8/15/19

Prosecutors from the U.S. Department of Justice's Foreign Corrupt Practices Act unit are set to try six cases this October, an unprecedented boom that will require prosecutors to multitask and may give courts more chances to interpret foreign-bribery law.

The Foreign Corrupt Practices Act unit at the U.S. Department of Justice will have its hands full this fall with six trials set to start. (AP)

The half-dozen trials slated for October run the gamut from core FCPA cases to money laundering and fraud charges connected to foreign bribery. The sudden glut of trials stems from the FCPA unit bringing more cases, a sign that it is coming into its own, said Fry Wernick, a former assistant chief of the unit who recently joined Vinson & Elkins LLP.

"I think you see a maturing of the unit. Where you have been charging more and more individuals, inevitably you will have more and more trials. In the past, you would typically see one trial every year or two," Wernick said.

In the past, the FCPA unit has focused much of its energy on corporate settlements. Judges play a minimal role in those deals, leaving it largely up to prosecutors and defense attorneys to decide what constitutes a violation of the law. That essentially means settlements and DOJ guidance stand in for legal precedent.

While most companies can't risk the consequences of trial and potential conviction, individual defendants have different incentives and are putting the government to the proof and testing legal theories. Emily Westridge Black of Haynes and Boone LLP sees this as a good thing.

"From the defense side, the hope and expectation is that we will be able to establish some enforceable limits to liability, and then also that there will be additional clarity about what the statute actually means," Black said.

Tarek Helou of Wilson Sonsini Goodrich & Rosati PC, who recently left the FCPA unit as an assistant chief, noted that the more successful prosecutors are at trial, the more chance defendants have to press their case in the appeals courts, which can dictate how federal courts apply the FCPA in each region. However, he doesn't think that is a cause for concern for the DOJ.

"It will help shape the law. But I don't think it is going to shape it in a way that is inconsistent with what we have done," Helou said.

The FCPA unit is not trying the cases alone. Prosecutors from U.S. attorney's offices and, in one case, the DOJ's Money Laundering and Asset Recovery Section are working with them. But the raft of proceedings could put a dent in the number of corporate settlements the unit finishes by the end of the year, particularly since FCPA unit chief Daniel Kahn and two of his three assistant chiefs are slated to try some of the cases personally.

Wernick said that while the trials may not necessarily get in the way of settlements, they are bound to have an effect on the unit, given the all-encompassing nature of trial preparation.

"There is certainly going to be a need to shift resources to cover for the trials. They can do it. It's just a new problem that they are going to have to deal with," Wernick said.

In the most highly anticipated of the six trials, former Alstom SA executive Lawrence Hoskins will confront charges in Connecticut federal court that he set up a scheme to bribe Indonesian officials. The British executive's case led to an important ruling by the Second Circuit that said prosecutors can't charge a person with conspiring to violate the FCPA if the individual couldn't be charged with violating the law itself.

The effect is that prosecutors at Hoskins' trial will have to prove that the Alstom executive was an "agent" of the company's subsidiary.

The trial itself will test what that term means in practice. Black pointed out that the DOJ's 2012 FCPA Resource Guide states that "the fundamental characteristic of agency is control" — something one doesn't expect to be exercised from the bottom up.

"From a practitioner's standpoint, it will be fascinating to see what evidence they will have to show that an officer of a parent functioned as the agent of a subsidiary," Black said.

Meanwhile, a circuit split could be in the works. Dmitry Firtash, a Ukrainian national charged with conspiracy to violate the FCPA, lost a motion to dismiss that count when an Illinois federal judge refused in June to follow the Hoskins ruling, stating that the Seventh Circuit puts few limits on conspiracy charges.

Black noted that if a split does materialize, it could make an attractive question for the U.S. Supreme Court to weigh in on, given the court's interest in statutory interpretation and harmonizing criminal law in the circuits.

The Hoskins case, with all the interesting legal issues involved, is only one of the trials the FCPA unit has on its plate.

In Brooklyn on Oct. 7, Lebanese salesman Jean Boustani faces allegations that he bribed Mozambican officials to obtain business for shipbuilder Privinvest. While some of Boustani's co-defendants are charged with FCPA violations, he himself is not. He suggested in a recent motion to dismiss that such charges wouldn't have stuck in light of Hoskins, and argued the securities fraud charges against him should be tossed because they don't apply to foreign transactions.

In Miami on Oct. 15, former financial adviser Frank Chatburn Ripalda is set to face nine criminal counts, including conspiracy, FCPA violations and money laundering, over alleged schemes to bribe PetroEcuador officials on behalf of Ecuadorian company GalileoEnergy and Brazilian construction firm Odebrecht.

On the same day, a federal judge in Fort Lauderdale is scheduled to begin trial in another PetroEcuador case. Armengol Alfonso Cevallos Diaz, an Ecuadorian national residing in Florida, faces charges of money laundering and conspiracy to violate the FCPA for his role in funneling \$4.4 million in bribes to PetroEcuador officials, including payments from GalileoEnergy.

FCPA unit assistant chief Lorinda Laryea is scheduled to try the Hoskins case and has appeared in both the Chatburn and Cevallos Diaz cases.

On Oct. 28, the same day the Hoskins trial opens, former Barbados minister Donville Inniss is scheduled to go on trial in Brooklyn.

Inniss is not charged with violating the FCPA but rather with conspiracy and money laundering for allegedly taking \$36,000 in bribes from an insurer called the Insurance Corp. of Barbados Ltd. It is the second time the FCPA unit went after a foreign official after a company disclosed bribes and itself dodged charges under the FCPA corporate enforcement policy. The other case is on appeal in the Ninth Circuit.

The last of the six trials is scheduled to begin the next day in Maryland. Former Transport Logistics International Inc. executive Mark Lambert stands accused of bribing a Russian energy official to get the company contracts with the Russian government. According to Wernick, who was on the case before he left the DOJ, FCPA assistant chief [REDACTED] has joined the trial team.

The trial pileup is due in part to the number of individuals the FCPA unit has charged, which has gone up slightly in the past three years, according to an annual tally by Shearman & Sterling LLP. According to the firm's figures, 21 people were charged in 2018, a nine-year high.

The unit is on track to top that, with 21 individuals already charged in 2019, according to the DOJ.

An increase in prosecutors and agents is behind the uptick in cases, Wernick said. The unit has grown from 19 attorneys in 2014 to its current 32 and sought to hire more experienced attorneys over the same period, he said.

In 2015, the FBI created permanent international corruption squads in New York, Los Angeles and Washington, D.C., and it added a fourth this year in Miami. On top of that, Wernick pointed to criminal investigators from the IRS and the Department of Homeland Security working with the FCPA unit as well as the increased access to foreign evidence that U.S. prosecutors get via tighter relationships with their overseas peers.

More agents means cases can be made the old-fashioned way, through wiretaps, undercover work and flipped cooperators. Those methods are also subject to challenges by defendants who feel their rights were violated; several challenges have been raised this year.

Chatburn claimed it was improper for a cooperator to tape his calls after he retained counsel. Lambert called for an evidentiary hearing into an FBI informant and cooperator's roles in recruiting him into the alleged bribery scheme. And Richard Bony and Joseph Baptiste, who were convicted in Boston this year of a scheme to bribe officials in Haiti, complained that the FBI deleted some calls that agents recorded

Those bids have not succeeded so far, but as with all trials, they could resurface if the cases end up on appeal.

## [I Tried to Tell the World About the MCC. No One Wanted to Listen.](#)

The Atlantic

By Jeanne Theoharis

8/16/19

“URGENT,” the emails were marked. Since Jeffrey Epstein’s death at the Metropolitan Correctional Center, at least 20 reporters and shows from a broad cross section of the nation’s major news outlets have reached out for context and comment about the federal penitentiary. I spent a decade trying to get media outlets to pay attention to the Metropolitan Correctional Center in Lower Manhattan, pleading with journalists for hours on the phone, over email, and in person, to launch investigations of the jail. Over and over, for years, these media organizations did not follow up.

Suddenly, there was urgency to talk about the conditions at MCC. The jail now provided an intriguingly grimy backdrop to an already sordid story. The question is whether a sustained light will actually be shined on the conditions there, or whether the widespread fascination with MCC just becomes part of the spectacle.

I spent years, alongside lawyers, civil-rights leaders, concerned citizens, and family members of the incarcerated, taking part in vigils outside MCC to call attention to the inhumanity happening within its walls. Over and over, Department of Justice officials did nothing.

I went to court hearings and read court filings where people being held there attested to the inhumane conditions at MCC. Judges repeatedly refused to intervene. Nearly all were persuaded by the government’s incessant claims that such conditions were justified by necessity and national security.

When the news broke about Epstein’s death, Attorney General William Barr said he was shocked, calling for an investigation into the “serious irregularities” at MCC. Then on Tuesday, attempting to foist the blame on underlings, he reassigned the warden and put two guards on administrative leave.

This is willful shock, a deeply disingenuous surprise. The scandal is not a few rogue employees. The surprise is not that a man in federal custody who had shown suicidal tendencies managed to kill himself, nor conversely that a man could be killed behind bars. Barr and his DOJ (like previous DOJ officials) knew MCC was structured on “irregularities.” So did U.S. Attorney Geoffrey Berman, and his predecessor, Preet Bharara. So did the judges of the Southern District of New York. The federal prison system is replete with “irregularities.”

The real scandal is that the horrors of MCC have existed for decades, hidden in plain sight. The journalist Aviva Stahl published a searing exposé last year in Gothamist on conditions at MCC that documented the filth, rodents, overflowing sewage, deeply substandard medical care, wrenching isolation, and the often indifferent—and at times, cruel—staff. From reports from lawyers and people imprisoned there, to the legal motions they have filed attempting to mitigate the inhumane conditions, to the hundreds of administrative remedies prisoners have filled out to request remediation (the first step prisoners must take to document problems with their conditions), to the research of scholars and human-rights organizations, the abusive and corrupt conditions at MCC are well documented.

But a broad swath of public officials, from the attorney general on down, have chosen to countenance these conditions—and major news organizations haven’t pressed the issue. As attention finally came to the despicable conditions at Rikers, few journalists looked across the river to MCC. Perhaps many labored under the misapprehension that while state and local (and private) jails might be mismanaged, abusive, and decrepit, the

federal government runs a largely rights-respecting, clean operation. On top of this, the federal government—and the Bureau of Prisons in particular—makes it supremely difficult to investigate its prisons and jails, constantly throwing up justifications for denying access to the materials researchers want (“too burdensome,” “national security,” “privacy,” “internal agency workings”) and shrouding their practices in secrecy .

When news about MCC reaches the public, it typically comes in sensational stories about alleged mega-criminals such as Epstein, Sammy “The Bull” Gravano, or Joaquín “El Chapo” Guzman being held there—the crimes with which they are charged completely obscuring the jail itself. Moreover, while Americans broadly profess to oppose torture and cruelty, there’s a tendency to look away from (or even take some glee in) the abusive conditions facing incarcerated people, particularly those who are publicly reviled.

I don’t know why the overwhelming majority of journalists I talked with over the years never published serious investigations into MCC. Perhaps racialized assumptions played a role, separating victims of government abuse whose situations seemed urgent and worthy of months of painstaking research from those who are assumed to pose exceptional danger and thus perhaps deserve extreme measures. I was highlighting the inhumane conditions that largely unknown Muslims facing terrorism charges were experiencing at MCC. Now they are calling me about the über-rich, white Jeffrey Epstein.

Or perhaps it was the simple incongruity of the U.S. government running a high-rise dungeon in Manhattan’s financial district, which featured conditions more commonly associated with the jails of foreign dictatorships. The descriptions of the dirty, decrepit, vermin-infested, hyper-isolating jail sitting in an elite zip code never seemed to stick.

The public attention to Epstein’s suicide could change that—but only if the public resists the seductive scandal of it all and insists on seeing the structural problems that Epstein’s time at MCC exposes.

First the basics: MCC is a pretrial federal facility run by the Bureau of Prisons, which is part of the Department of Justice and overseen by Congress, that holds people awaiting trial on charges in the Southern District of New York. This means that the people it holds are presumed innocent, and the law ostensibly prohibits their punishment before conviction. Opened in 1975, MCC today houses about 750 people in a facility built for fewer than 500. The conditions of their confinement vary widely, depending on where they are held, from the general population to the Special Housing Unit on the ninth floor to the fearsome 10 South wing. The SHU is for people the jail deems not safe in general population or who have allegedly broken jail rules; it features much more restrictive conditions, including solitary confinement. Epstein began in the general population but was reportedly in the SHU on 9 South when he died.

Lawyers and people held there awaiting trial regularly report appalling conditions. The temperature is not adequately regulated; the facility is often sweltering in the summer and so cold in the winter that prisoners report having trouble thinking and wearing layers of clothes to be able to sleep. A single psychiatrist serves both MCC and the Metropolitan Detention Center, another federal facility located in Brooklyn. People report being “treated” through the slat in their cell door. The facility is run down, and the plumbing and elevators break often.

The most inhumane section of MCC is 10 South. The majority of the people held there over the past two decades have been Muslims facing terrorism charges; Guzman was held there as well. No outdoor recreation is allowed for 10 South prisoners, and windows are frosted so they are cut off from natural air and light. Besides the filth and vermin (even cell-cleaning supplies are often denied), one chief complaint is the lack of ventilation. On 10 South, prisoners are alone in their cells almost all of the time; they even shower there. Their sole escape

is the hour when they are moved to a solitary cage for exercise. Sometimes, that recreation is denied, leaving prisoners to go days without leaving their cells. Cells are electronically surveilled, so that every action—including using the toilet, showering, and talking—is monitored.

The defense attorney Robert Boyle has described the conditions at MCC as producing “a continuing deterioration in his [client’s] health” and has noted reports from other lawyers with clients in similar conditions “unable to make rational decisions in relation to the trial they face.”

Nearly all of the people held on 10 South are under special administrative measures imposed by the attorney general, which restrict their communication with the outside world. On 10 South, you can be punished for yelling through the walls, for saying “As-Salaam Alaikum” to another prisoner, for making the call to prayer. While some talk between prisoners through walls or doors is not punished, there is always the threat of punishment, and sometimes guards exercise their prerogative to do so. Prisoners report going months without any talking—all before they have been convicted of any crime.

The SAMs also mean that anyone in contact with the prisoner, a list typically restricted to a lawyer and the prisoner’s immediate family, is forbidden from communicating anything they hear from the detainee. Put another way, lawyers or family members can be punished for disclosing any specifics of the conditions they hear the prisoner is facing.

The British civil-rights lawyer Gareth Peirce, who has spent decades defending Irish and Muslim prisoners accused of terrorism, visited MCC after clients she was representing were extradited from the UK to the U.S. No stranger to prison abuses, Peirce was astonished by the conditions at MCC. “Diabolical,” was how she described it.

According to studies, rates of suicide in jail are higher than in prison. And Epstein had reportedly already made one attempt to take his own life. While MCC is a special breed of hell, its approach to mental health is indicative of the BOP’s broad, cruel indifference to mental-health care. Faced with a spate of suicides in 2012, for instance, the BOP director sent every prisoner in federal custody an absurd letter. “At times you may feel hopeless about your future, and your thought may turn to suicide,” Director Charles E. Samuels wrote, “If you are unable to think of solutions other than suicide, it is not because solutions do not exist; it is because you are currently unable to see them. Do not lose hope.”

International organizations have condemned MCC’s conditions. From 2007 to 2012, the European Court for Human Rights stayed the extradition of six UK subjects, concerned about inhumane prison conditions at U.S. federal facilities like MCC and the nation’s supermax prison in Colorado, before finally capitulating to U.S. pressure in 2012. Amnesty International in 2014 decried the conditions at MCC, as has the former UN Special Rapporteur for Torture Juan Mendez; so, too, did a extensive 2014 report by Human Rights Watch and Columbia Law School’s Human Rights Institute.

The question now is whether MCC will just serve as the dirty backdrop to bizarre conspiracy theories and sordid accountings of Epstein’s last hours, allowing the inhumanity to remain hidden in plain sight—or whether Epstein’s death is going to finally force us to see what is going on in Lower Manhattan and insist conditions at MCC finally be addressed.