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Public Corruption

Avenatti

Michael Avenatti jury deliberations begin in Nike case

Fox News

By Marta Dhanis

2/12/2020

Attorney Michael Avenatti's future is now in the jury's hands in the Nike-related extortion and fraud case.

The disgraced lawyer is accused of trying to extort up to \$25 million from Nike by threatening to go public with evidence that the company had paid off the families of young NBA-bound athletes.

At 11:31 am, federal Judge Paul Gardephe sent a group of six women and six men to start deliberating.

The 12 jurors need to consider if prosecutors proved that Avenatti is guilty on three counts: transmission of interstate communications with intent to extort, attempted extortion, and wire fraud. If convicted on all counts, he could spend up to 42 years in prison.

For about two weeks, prosecutors called several witnesses, including lawyers and Nike employees, and played recordings of Avenatti at his meeting with Nike attorneys.

The defense's case consisted of documents and stipulations insisting that Avenatti was only being an aggressive attorney and was working on behalf of his client. However, the client, Gary Franklin, the founder and coach of youth basketball team California Supreme, testified in court that Avenatti didn't keep him in the loop of the negotiations with the athletic giant.

"In the words of Nike itself, he went in there to 'Just Do It,' for his client," defense attorney Howard Srebnick said in closing arguments, begging the jury to return a "not guilty" verdict.

Jurors heard instructions earlier this morning. Avenatti walked into the courtroom wearing a blue suit, white shirt and striped blue tie. He sat at the defense's table facing the jury.

Avenatti is in custody after violating bail conditions in a federal case against him in California. He is currently being housed at Manhattan's Metropolitan Correctional Center while this trial is underway.

The once famed lawyer for porn star Stormy Daniels faces two other trials. In a second one in Manhattan, he faces charges that he cheated Daniels out of the proceeds of a book deal. The most serious charges are in a federal case in Los Angeles, where he is accused of defrauding clients and others.

Avenatti has denied all charges and insisted that they are part of an ongoing vendetta by the Trump administration after he represented Daniels in her litigation against the president.

Epstein

Epstein's lawyers in dispute with Virgin Islands over settlements with victims

The Guardian
By Edward Helmore
2/12/2020

Efforts to settle sex abuse claims against Jeffrey Epstein's estate are being thwarted by the attorney general of the US Virgin Islands, lawyers for the disgraced late financier have claimed in court.

The dispute arises from efforts by the territory's attorney general, Denise George, to claim that Epstein, who owned two islands in the Virgin Islands and where monetary claims on his estate are focused, fraudulently obtained benefits related to a banking licence as part of his alleged criminal enterprise.

In court documents, George said she planned to name the disgraced financier's lawyers as co-defendants and fight his estate's involvement in creating a victims' compensation fund.

In July last year, Epstein was arrested on fresh federal sex trafficking and conspiracy charges. He had previously pleaded guilty in 2008 to a Florida state prostitution charge and completed a 13-month jail sentence. Epstein pleaded not guilty to the new allegations but died by suicide in a New York jail cell in August.

His death has triggered a wide-ranging investigation into his associates and members of his powerful social circle and also many victim claims for compensation.

Bennet Moskowitz, who is representing Epstein's estate, claimed that liens against the estate have left him unable to release money from Epstein's \$570m fortune to a victim's compensation fund.

"The attorney general for the Virgin Islands has decided for whatever reason to impede the program," Moskowitz said at the hearing in Manhattan federal court.

But George countered that claim, saying she was in fact looking out for victims who may yet come forward.

"The attorney general's office has opposed the approval of the fund as currently proposed because it lacks fairness, accountability, impartiality and sensitivity to victims at a level they deserve," George said in the statement.

“Further, victims who have not yet come forward or who may not wish to use the fund must be supported and protected, with funds for counseling and for their claims, too,” she said, adding: “There must be full accountability, not only of the estate, but those who participated in, facilitated, and covered up Epstein’s crimes.”

Last month, George brought charges against Epstein’s estate and alleged that his lawyers, Darren Indyke and Richard Kahn, may have been part of Epstein’s alleged fraud. George also put claims on Epstein’s two islands.

Epstein named Indyke and Kahn as his executors to a will he modified so that it would be executed in the Caribbean territory two days before he was found dead in a Manhattan jail cell on 10 August.

In November, it was reported that Epstein’s estate had asked the courts to allow a voluntary resolution program for the late sex offender’s accusers overseen by Ken Feinberg, the settlement’s expert who oversaw claims from victims of the 9/11 terrorist attacks, the Catholic church’s sex abuse scandals, and the BP-Blue Water Horizon oil spill.

But lawyers for several victims have argued that a victims fund would maintain the shroud of secrecy over Epstein’s alleged crimes and prevent the release of any new information while minimizing the threat of large jury awards from individual legal actions.

Violent and Organized Crime

Ray

The Bizarre Life of the Man Accused in the Sarah Lawrence Sex Case

NYT

By Sharon Otterman

2/12/2020



Lawrence V. Ray was charged with conspiracy, extortion, sex trafficking, forced labor and related charges. Credit...Jefferson Siegel for The New York Times

He has known mobsters and politicians and high-ranking American military officers. He has portrayed himself as an international man of mystery who played a role in helping to end the war in Kosovo in the late 1990s.

He had contacts with foreign leaders and arranged Mikhail Gorbachev's visit to City Hall in 1997 to meet with the then-mayor, Rudolph W. Giuliani. For the last 19 years, he has been in and out of legal trouble for everything from involvement in a mob stock pump-and-dump scheme to custody issues involving his children.

For decades, Lawrence V. Ray, 60, who was charged by federal law enforcement on Tuesday in a bizarre scheme that included extortion, forced prostitution and forced labor involving a group of students he met while he was living with his daughter at Sarah Lawrence College, has been described by some as a master manipulator.

Burly and intense, Mr. Ray has put himself at the center of local politics. In 1998, he was the best man at the wedding of a former New York police commissioner, Bernard B. Kerik.

But he's also turned on those who have trusted him — first as an F.B.I. informant against the mob, and then as a cooperating witness in an investigation that would ultimately land Mr. Kerik in prison.

In 2010, apparently down and out, Mr. Ray, who had recently been released from prison on a custody charge, moved into his daughter's dorm room at Sarah Lawrence College in Yonkers, N.Y., federal investigators said.

He is now facing decades in prison, accused of manipulating students from the school to the point that they were willing to falsely confess to crimes. He is charged with coercing one woman into prostitution, and with stealing \$1 million from his victims, according to the indictment unsealed on Tuesday.

"Larry Ray is a psychotic con man who has victimized every friend he's ever had," Mr. Kerik, who has said he cut ties with Mr. Ray in 2000, was quoted as saying in the 2019 New York magazine article that prompted the government's investigation. "It's been close to 20 years since I last heard from him, yet his reign of terror continues."

The following portrait of Mr. Ray was put together from interviews, court documents and news coverage by The Times over the years.

Here's what we know about him:

Ties to reputed mobsters, fears of a hit man

Mr. Ray, who is also known as Lawrence Grecco, grew up in Brooklyn and New Jersey. In the 1980s, he became a partner in a bar in Scotch Plains, N.J., called Club Malibu and JJ Rockers. At the bar, he began meeting people from all walks of life, including politicians from New York and New Jersey.

In the early 1990s, he formed a commercial insurance brokerage firm, helping insure people for projects such as construction.

In this role, he met a reputed mobster who owned a company called U.S. Bridge of New York, according to federal investigators. Mr. Ray agreed to help the company get insurance for a major project.

At some point in the mid-1990s, Mr. Ray began to believe that someone from the mob attached to the company was trying to kill him. Mr. Kerik helped him contact the F.B.I., according to emails between the two men. Mr. Ray began serving as an informant in a federal investigation related to a wide-ranging security fraud scheme involving the pumping and dumping of stocks. He ended up being indicted himself, along with 18 others, for a role in the scheme.

In 2000, federal investigators charged Mr. Ray with agreeing to pay a \$100,000 bribe to a bond brokerage firm executive, according to a 2004 federal court filing. He pleaded guilty to conspiracy to commit security fraud and was sentenced to five years probation.

Friendship with Mayor Giuliani's police commissioner

Appointed New York City police commissioner in 2000, Mr. Kerik became a national figure after the Sept. 11 terror attacks. In 2004, President George W. Bush nominated Mr. Kerik to lead the Department of Homeland Security. But a series of scandals, some of which involved Mr. Ray, destroyed that chance.

Mr. Kerik and Mr. Ray had become friends in the mid-1990s. The two men worked out together and rode motorcycles. At the time, Mr. Kerik was a rising star in the New York City Department of Correction. He became the commissioner of the department early in 1998.

In November 1998, Mr. Kerik got married in New Jersey, and Mr. Ray served as best man. Mr. Ray and another friend, also a partner in Club Malibu, wrote checks to cover parts of Mr. Kerik's wedding and reception.

In 1999, Mr. Kerik wanted to renovate his new apartment in Riverdale, in the Bronx, according to emails between Mr. Ray and Mr. Kerik. The scandal over who paid for his renovation ended up engulfing Mr. Kerik.

Through Mr. Ray, Mr. Kerik befriended a man named Frank DiTommaso, who ran a construction company, the Interstate Industrial Corporation, with his brother. The company hired Mr. Ray as its security director, according The Times's coverage of a resulting case that accused the former city police commissioner of, among other things, accepting illegal renovations on his Bronx apartment.

The company had performed more than \$200,000 in renovations on the apartment for almost no cost. State and federal investigators discovered the arrangement after Mr. Kerik withdrew from consideration for Homeland Security secretary.

Mr. Ray agreed to cooperate with investigators looking into Mr. Kerik. In 2006, Mr. Kerik pleaded guilty to misdemeanor charges related to \$165,000 in gifts received from the construction company. He was jailed three years later after pleading to eight federal felony charges.

Arranging a visit by Mikhail Gorbachev

Mr. Ray had contacts with at least one American general and Russian officials. He liked to talk about how he helped broker a deal to end bombing in Kosovo in the late 1990s, a claim at least partly backed up by a letter from NATO in court records, The Washington Post reported in 2007.

Somehow, he also formed a connection with someone who worked for Mr. Gorbachev, the former leader of the Soviet Union. In 1997, Mr. Ray helped to arrange for Mr. Gorbachev to visit New York, where he met with Mr. Giuliani at City Hall. He later said he arranged the visit, on Dec. 18, 1997, at Mr. Kerik's request.

A photograph from the time shows Mr. Ray outside City Hall that day, standing behind Mr. Gorbachev, with Mr. Kerik in the foreground. Mr. Kerik and Mr. Gorbachev are both gesturing with their hands in opposite directions.

Beaten up in a lobby

Mr. Ray would end up cooperating with authorities in cases against not only Mr. Kerik but also Mr. DiTommaso. Mr. Ray testified against Mr. DiTommaso in a 2012 perjury trial related to the renovation scandal.

Years later, the slight was not forgotten. Mr. Ray popped up in the news in 2017, when a video from two years earlier of his being pummeled in the lobby of the Hudson Hotel by Mr. DiTommaso was obtained by the Daily News.

The video shows Mr. DiTommaso walking past Mr. Ray, and then back toward him after apparently recognizing him. Mr. DiTommaso then attacked Mr. Ray. Two people nearby in the lobby rushed over and tried to stop the attack.

The beating left Mr. Ray with a skull fracture as well as permanent speech and other neurological problems, Mr. Ray's lawyer, Edward Hayes, said at the time. Federal investigators now charge that by that point Mr. Ray was already years into his extortion schemes involving the students from Sarah Lawrence College.

Gomez

DEA Agent Sentenced to 4 Years for Helping Drug Traffickers

AP

By AP

2/12/2020

NEW YORK — A federal narcotics agent was sentenced Wednesday to four years in prison for his role in a decade-long drug conspiracy that involved the smuggling of thousands of kilograms of cocaine from Puerto Rico to New York.

Prosecutors accused Fernando Gomez of infiltrating the U.S. Drug Enforcement Administration in 2011 and assisting a drug-trafficking ring known for slaughtering its rivals.

Gomez pleaded guilty last year to selling firearms to a high-volume cocaine trafficker while working as a police officer outside Chicago.

He also helped La Organizacion de Narcotraficantes Unidos avoid detection from law enforcement, picked up money for the drug ring and improperly accessed DEA records about a cooperator he believed had information about his co-conspirators.

Gomez, a former U.S. Marine, broke down in Manhattan federal court, apologizing for "poor judgment" that he said stemmed from misguided efforts to protect family members involved in the drug trade.

"The government wants you to make an example out of me," he told U.S. District Judge Jesse Furman. "I'm not that example. I wasn't running around like a cowboy with a badge."

Furman said he was moved by the agent's contrition but added that Gomez's betrayal of his badge had left a "stain on the Drug Enforcement Administration and all of law enforcement."

Federal sentencing guidelines called for Gomez to spend at least seven years behind bars. But a term that long would be unjust, the judge said, given Gomez's public service and cooperation with the investigation.

"People are complicated," Furman said, "and Mr. Gomez is a prime example of that."

The judge said there are unanswered questions about why Gomez joined the DEA in 2011, where he worked until his 2018 arrest.

Prosecutors said he lied during his employment screening, but Furman said the government failed to offer persuasive evidence — beyond the claims of a cooperating witness — that Gomez had become a "double agent" in the traditional sense.

Gomez, 42, had been assigned to the DEA's Chicago field division at the time of his arrest.

"This is a breach of duty," Assistant U.S. Attorney ██████████ said, condemning both the "serious actions" Gomez took and his years of silence about La ONU's drug-trafficking activity.

Berry

Bronx murder suspect arrested in Bethlehem 19 years after shooting

Lehigh Valley Live

By Sarah Cassi

2/12/2020

A man wanted in a fatal shooting almost 20 years ago in the Bronx was arrested Friday in Bethlehem.

Ralph Berry, 52, and Frank Lopez, 43, are both charged in the June 2000 shooting of Caprice Jones on East 161st Street in the Bronx, the U.S. Attorney for the Southern District of New York said.

Jones did not die the day he was shot, but ultimately died from his wounds in 2010, when he was 42.

Berry and Lopez were part of a crack-dealing operation at the time of the shooting, prosecutors said. Federal prosecutors allege Berry handed Lopez the gun, and Lopez opened fire, hitting Jones.

On Friday, Berry was arrested in Bethlehem and Lopez was arrested in Plano, Texas. Berry appeared in federal court in Philadelphia. He was being held there while awaiting transfer to New York.

Each man faces two charges that carry maximum sentences of death or life in prison: murder through use of a firearm and murder in connection with drug trafficking.

Before Jones died, Berry in 2009 pleaded guilty to felony drug charges and was sentenced to 20 years in prison, followed by 10 years of supervised release, according to court records.

Last October, Berry's sentence was reduced to time-served, followed by eight years of supervised release. Federal prosecutors are appealing the reduced sentence.

"Many years have passed since Caprice Jones was murdered, but the detectives of the NYPD continued investigating, working to see that justice would be done. Now, thanks to their extraordinary efforts, in partnership with the special agents of our office, Ralph Berry and Frank Lopez face federal murder charges," U.S. Attorney Geoffrey S. Berman said in a

news release.

Securities and Commodities Fraud Madoff

Bernie Madoff's future: Where does Ponzi king go from here?

Fox News

By Stephanie Pagones

2/12/2020

Ponzi scheme mastermind Bernie Madoff shockingly announced last week he was suffering from terminal kidney failure – and was, in turn, seeking to have his 150-year prison sentence shortened.

Madoff pleaded guilty in March 2009 to multiple charges in connection to his scheme – the largest Ponzi scheme in history – in which he scammed nearly 5,000 people out of more than \$64 billion. He was sentenced in June of that year.

The 81-year-old has since spent just more than a decade behind bars and is currently serving the century-and-a-half-long sentence at a federal medical center in Butner, North Carolina. His release date is identified on the Bureau of Prisons website as Nov. 14, 2139.

But his Feb. 5 request to the court, made through his attorney and called a “Motion for Compassionate Release,” detailed what lawyers called change in circumstances.

“It was clear that Madoff’s 150-year prison sentence was symbolic for three reasons: retribution, deterrence, and for the victims,” the court papers state. “This Court must now consider whether keeping Madoff incarcerated, in light of his terminal kidney failure and a life expectancy of less than 18 months, is truly in furtherance of statutory sentencing goals and our society’s value and understanding of compassion.”

But former federal prosecutor and longtime attorney Robert Appleton, now a New York-based white-collar defense attorney, said having motions like Madoff’s granted is “rare.”

“The judge has a lot of discretion, which is pretty much unfettered... But they’re also very difficult to get,” Appleton told FOX Business on Wednesday. “One of the things to keep in mind is that the Bureau of Prisons has very good medical facilities, medical care. They have certain facilities that treat or house gravely ill prisoners.”

Though doubtful, Appleton said, prosecutors could consent to the motion. Nonetheless, the government will file a response to the court, which will be followed by a hearing on the matter.

Appleton, who handled a “motion for compassionate release” while working as a federal prosecutor in Connecticut, said the court will take into account factors such as the length of Madoff’s sentence, the amount of time he has served, the extent of the crime and the imminence of his death.

“These things are typically done, if they’re done at all, with prisoners facing two, three months of life,” he said. “Eighteen months is – I have to look at the cases – but I can’t think of a case where it’s been granted with that much time remaining.”

The U.S. Bureau of Prisons previously rejected Madoff’s request, telling him on Dec. 5, 2019, that his early release would “minimize the severity of his offense.” Months earlier, in July, he filed papers asking President Donald Trump to shorten his prison sentence.

Prosecutors – who have not yet submitted a written response to the Feb. 5 motion – will also take into account the victims and the damage Madoff caused.

On Friday, prosecutors announced those who suffered financial losses in the scheme have until the end of February to submit emails to Judge Denny Chin through the prosecutor's office.

If the judge were to ultimately grant Madoff's request, he would "order supervised release and impose conditions," Appleton said. If such were the case – if the terminally ill octogenarian were released early because of his health – what family does he have to turn to?

Madoff's wife, Ruth Madoff, moved out of New York City and initially lived in Boca Raton, Florida, the New York Post's Isabel Vincent reported in May 2017.

She was most recently reported to be living a quiet, private life in Connecticut. The Post described in detail how Ruth Madoff was virtually living in "exile" in Old Greenwich, where she moved in 2012.

Bernie Madoff's sons, Mark and Andrew Madoff, worked as business and regulatory managers at Bernard Madoff's private investment securities business. Both denied any involvement in their father's scheme and have since died in unrelated incidents.

Mark Madoff committed suicide in 2010, leaving behind his wife, Stephanie (Madoff) Mack and children. Mack owns a styling business and moved to Brooklyn in 2016, according to a 2017 New York Times report, which noted that Mack and Ruth Madoff were in contact regularly.

Andrew Madoff died in 2014 from cancer, leaving behind a fiancée, Catherine Hooper, and children. Hooper moved into a studio apartment in Manhattan after briefly moving to the Bahamas with her 12-year-old daughter, who was enrolled in a marine biology program, according to a 2017 profile in People.

Bernice Madoff's brother, Peter Madoff, was the convicted schemer's chief compliance officer who worked for the firm for 40 years, according to a Bloomberg report. Peter Madoff denied knowing anything about the massive scheme until its demise. He was sentenced to 10 years behind bars and is currently housed in a residential re-entry management program in Miami, Florida, as he awaits his August 2020 release, according to BOP inmate records.

Shana Madoff, Peter's Madoff's daughter, also worked for the firm, where she served as a compliance officer and in-house counsel, according to the Bloomberg report. While she was initially sued for allegedly using client money to pay off credit card bills and other expenses, the suit was later dropped. She was not criminally charged.

She met Eric Swanson, an attorney for the Securities and Exchange Commission, during the investigation into her uncle's scheme, according to the report. The pair later married.

General Crimes

Reynolds and Cohen

Pair busted by feds in sprawling Manhattan prostitution operation

NY Post

By Gabrielle Fonrouge and Ben Feuerherd

2/11/2020

A Colorado woman and an Israeli man were arrested by federal authorities for allegedly running a sprawling, high-end prostitution ring that operated in Manhattan, authorities said Tuesday.

The suspects, Tracy Reynolds and Izhak Cohen, allegedly laundered more than \$10 million through thousands of bank accounts and financial institutions in the US and overseas, according to federal prosecutors from the Southern District of New York.

Reynolds and Cohen allegedly set up their prostitution company, called "VIP Escorts," in 2012 and arranged for prostitutes to meet clients in Manhattan and other areas across the country, prosecutors said in a statement.

After the prostitutes charged the clients thousands of dollars for sex work, they deposited their profits into thousands of different bank accounts controlled by Reynolds, authorities said.

More than \$10 million in total was passed through accounts owned by Reynolds in the prostitution operation, according to prosecutors.

Reynolds then allegedly passed more than \$1 million to Cohen in Israel in small amounts to hide the transactions.

Reynolds was arrested in Florida Tuesday morning at Tampa International Airport while boarding a flight to Mexico. Cohen was taken into custody by Israeli authorities, and federal authorities are seeking his extradition to the United States.

They were each hit with money laundering and a conspiracy charge and face a maximum of 60 years in prison if convicted.

Money Laundering and Transnational Criminal Enterprises

Ackerman

Feds Indict Crypto Scheme Operator In \$33M Fraud

Law360

By Philip Rosenstein

2/11/2020

Law360 (February 11, 2020, 10:09 PM EST) -- Ohio resident Michael Ackerman was indicted in the Southern District of New York on Tuesday for allegedly masterminding a scheme in which he raised more than \$33 million from more than 150 investors by promoting a cryptocurrency trading algorithm he said would generate "extraordinary profits."

In addition to charges of wire fraud and money laundering brought by the U.S. attorney in the Southern District of New York, the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission filed civil complaints against Ackerman.

"Today's arrest should remind would-be investors to take extreme caution and thoroughly vet investment opportunities, especially when promised abnormally high rates of return," U.S. Attorney Geoffrey Berman said in a statement.

According to the SEC complaint, Ackerman ran his alleged fraud through two companies, Q3 Trading Club and Q3 I LP from July 1, 2017, to at least Dec. 1, 2019. Ackerman's alleged victims were mostly physicians, according to the SEC.

"Many fraudsters take advantage of the trust that having something in common creates, such as a common profession," the SEC said in a press release.

"As alleged in our complaint, Ackerman lured investors, many in the medical profession, into falsely believing that he generated extraordinary profits from his algorithmic trading strategy," ██████████ director of the SEC's Miami regional office, said in a statement. "Ackerman exploited popular interest in digital assets as a means to obtain millions of dollars for his personal use."

The SEC complaint outlines that Ackerman told investors that he had created a trading algorithm that could take advantage of volatility in the cryptocurrency market "while minimizing risks." After receiving at least \$33 million in investor funds, Ackerman only used up to \$10 million of those funds to invest in cryptocurrencies, "and the profits generated by the algorithm were minimal, at best."

In order to continue the fraud, Ackerman provided investors with false account balances for trading accounts and touted 15% profits in newsletters sent to investors, the SEC alleged in its complaint.

In fact, his companies' trading balances averaged at \$1.7 million on a monthly basis, and he paid out around \$4 million of investor funds in undisclosed fees to himself and his associates, according to the SEC.

SEC is alleging securities fraud and misappropriation of funds.

According to the CFTC complaint, a total of more than \$25 million of customer funds were transferred to personal bank accounts held by Ackerman and his two partners, with Ackerman himself receiving over \$7 million.

The CFTC alleges violation of the Commodity Exchange Act.

"This case underscores, once again, that the commission will continue working with our regulatory partners to ensure the integrity of our markets, including those involving digital assets," [REDACTED] the CFTC's director of enforcement, said in a statement. "Rooting out misconduct is essential to furthering the responsible development of these innovative financial products."

Counsel for Ackerman did not respond to requests for comment.

Ackerman is represented by Lisa Bragança of Bragança Law.

[REDACTED] of the U.S. Attorney's Office in the Southern District of New York are in charge of the prosecution.

The SEC is represented by [REDACTED]

The CFTC is represented by [REDACTED]

The cases are USA v. Ackerman, case number 20 cr 93, SEC v. Ackerman, case number 1:20-cv-01181, and CFTC v. Ackerman, case number 1:20-cv-01183, all in the U.S. District Court for the Southern District of New York.

Matters of Interest

Stone

Prosecutors quit amid escalating Justice Dept. fight over Roger Stone's prison term

The Washington Post

By Matt Zapotosky, Devlin Barrett, Ann E. Marimow and Spencer S. Hsu

2/11/2020

All four career prosecutors handling the case against Roger Stone withdrew from the legal proceedings Tuesday — and one quit his job entirely — after the Justice Department signaled it planned to undercut their sentencing recommendation for President Trump's longtime friend and confidant.

The sudden and dramatic moves came after prosecutors and their superiors had argued for days over the appropriate penalty for Stone, and exposed what some career Justice Department employees say is a continuing pattern of the historically independent law enforcement institution being bent to Trump's political will.

Almost simultaneously, Trump decided to revoke the nomination to a top Treasury Department post of his former U.S. attorney in the District of Columbia, who had supervised the Stone case when it went to trial.

The cascade of controversy began Monday, when career prosecutors handling the case recommended that a judge sentence Stone — convicted in November of obstructing Congress and witness tampering — to between seven and nine

years in federal prison.

Stone has been a friend and adviser to Trump since the 1980s and was a key figure in his 2016 campaign, working to discover damaging information on Democratic opponent Hillary Clinton. His was the last conviction secured by special counsel Robert S. Mueller III as part of the investigation into Russian interference in the 2016 election. The president suggested angrily on Twitter that Stone deserved more-lenient treatment.

"This is a horrible and very unfair situation," Trump wrote early Tuesday. "The real crimes were on the other side, as nothing happens to them. Cannot allow this miscarriage of justice!"

Hours later, a senior Justice Department official told reporters that the agency's leadership was "shocked" by the recommendation of a seven-to-nine-year sentence and would soon revise it.

"That recommendation is not what had been briefed to the department," the official said, speaking on the condition of anonymity to discuss a sensitive case. "The department finds the recommendation extreme and excessive and disproportionate to Stone's offenses."

One by one, the career prosecutors, two of whom had worked on Mueller's investigation, filed notices in court of their intention to leave the case. Though none of the prosecutors gave a reason, their asking to do so was highly unusual and suggested they could not ethically affix their names to the government's revised position.

Career Justice Department lawyers similarly moved in 2018 to withdraw from a case when the Trump administration decided it would not defend the Affordable Care Act against a challenge to its constitutionality. One of those lawyers resigned over the matter.

██████████ a Justice Department spokeswoman, said that the White House did not communicate with the agency on Monday or Tuesday about the Stone case, and that the decision to reverse course was made before Trump's tweet.

Trump told reporters later Tuesday, "I have not been involved in it at all," though in the same remarks he called the career prosecutors' initial recommendation "an insult to our country."

"That was a horrible aberration. These are, I guess, the same Mueller people that put everybody through hell and I think it was a disgrace," Trump said. "They ought to be ashamed of themselves."

He doubled down Tuesday evening on Twitter, alleging the prosecutors "cut and ran after being exposed for recommending a ridiculous 9 year prison sentence to a man that got caught up in an investigation that was illegal, the Mueller Scam." He also raised questions about the judge in the case.

██████████ one of the prosecutors on the Stone case, wrote in a court filing that he had resigned as an assistant U.S. attorney, leaving government altogether. Three others — ██████████ — filed notices with the judge saying "please notice the withdrawal" from the case.

██████████ a former member of Mueller's team, also indicated in a filing he was quitting his special assignment to the U.S. attorney's office in the District, though a spokeswoman said he will remain an assistant U.S. attorney in Baltimore.

Through a spokeswoman, ██████████ declined to comment. ██████████ also declined to comment. ██████████ could not immediately be reached.

As the drama unfolded Tuesday afternoon, Trump also decided to withdraw his nomination of the District's former U.S. attorney, Jessie K. Liu, to serve as Treasury Department undersecretary for terrorism and financial crimes, people familiar with the matter said. The withdrawal was first reported by Axios.

The reason for the withdrawal was not clear. Liu had left her U.S. attorney post last month in a somewhat unusual move, because she had not yet received Senate confirmation for her new job. She was replaced on an interim basis by Timothy

Shea, a former counselor to Attorney General William P. Barr.

An administration official said Trump has been lobbied extensively against Liu by those who did not like how she handled the U.S. attorney's office — particularly as it related to the Mueller probe. Several people familiar with the matter said Liu had no role in Stone's sentencing recommendation, having left the office before it was sent to supervisors for approval. Liu, whose confirmation hearing had been scheduled for Thursday, did not immediately respond to requests for comment.

Former Justice Department officials and others characterized the department's abrupt shift on the Stone case as an egregious example of the president and his attorney general manipulating federal law enforcement to serve their political interests.

Senate Minority Leader Charles E. Schumer (D-N.Y.) asked the Justice Department's inspector general to investigate, writing, "This situation has all the indicia of improper political interference in a criminal prosecution."

David Laufman, a former Justice Department official, called it a "shocking, cram-down political intervention" in the criminal justice process.

"We are now truly at a break-glass-in-case-of-fire moment for the Justice Dept.," he wrote on Twitter.

Eric H. Holder Jr., attorney general under President Barack Obama, said it was "unprecedented, wrong and ultimately dangerous."

Rep. Bill Pascrell Jr. (D-N.J.) said the move amounted to "obstruction of justice."

"We are seeing a full-frontal assault on the rule of law in America," Pascrell said. "Direct political interference in our justice system is a hallmark of a banana republic. Despite whatever Trump, William Barr, and their helpers think, the United States is a nation of laws and not an authoritarian's paradise."

In its revised sentencing recommendation, the Justice Department essentially took aim at its own line attorneys, saying their previous guidance "could be considered excessive and unwarranted under the circumstances." The memorandum was signed by Shea and his criminal division supervisor, [REDACTED]

"Ultimately, the government defers to the Court as to what specific sentence is appropriate under the facts and circumstances of this case," they wrote.

The decision to file a new sentencing memo was made by officials in the attorney general's office and the deputy attorney general's office, according to a senior Justice Department official. The official could not point to another instance of Justice Department headquarters overruling and replacing a sentencing memorandum a day after a filing but insisted it was not unusual for law enforcement officials to "correct the record."

"I don't think anyone thinks this went smoothly," the official said, while declining to discuss who knew what inside the department about the Stone sentencing recommendation.

Like the original sentencing recommendation, the official said, the withdrawal of the Stone prosecution team came as a surprise.

Barr has previously faced criticism for seeking to protect Trump and undercut the special counsel's work.

In perhaps the most notable instance, he sent Congress a letter before the special counsel's report was publicly released, describing what he called the investigation's principal conclusions. Mueller, Barr wrote, did not find that the Trump campaign coordinated with Russia to influence the 2016 election, and reached no conclusion on whether Trump had obstructed justice. Barr wrote that he and then-Deputy Attorney General Rod J. Rosenstein reviewed the matter and concluded there was insufficient evidence to make an obstruction case.

The bare-bones description so infuriated the special counsel's team that Mueller wrote to Barr to complain that the attorney general's summary "did not fully capture the context, nature, and substance" of the Russia probe. Barr, though, repeated his description at a news conference before Mueller's full report was released, drawing criticism that he was trying to shape public opinion in a way favorable to Trump.

Mueller closed his office in May, though some members of his team stayed on special assignments to the U.S. attorney's office in the District to handle cases — including Stone's — that were not resolved. People familiar with the matter say there was tension between them and their supervisors on what penalty to recommend.

As Monday's court deadline neared for prosecutors to give a sentencing recommendation, it was still unclear what the office would do, even after days of internal debates, according to people familiar with the matter who, like others, spoke on the condition of anonymity to discuss internal deliberations.

Front-line prosecutors argued for a prison sentence on the higher end, while their bosses wanted to calculate the guidelines differently to get to a lower sentence. The debate centered on whether they should seek more prison time for obstruction that impedes the administration of justice, these people said.

In the end, the office filed a recommendation keeping with the line prosecutors' goals, and rejecting the lighter recommendation sought by their superiors, the people said.

Hours before the filing was due Monday, Shea, the new head of the D.C. office and a former close adviser to Barr, had not made a final decision on Stone's sentencing recommendation, they said.

A Justice Department official said senior leaders were led to believe it would be lighter than what was ultimately filed. But some legal observers were skeptical, and the department declined to provide a more detailed account.

Stone is scheduled to be sentenced by Judge Amy Berman Jackson on Feb. 20.

Mary McCord, a former prosecutor and acting assistant attorney general for the department's national security division, said that decisions related to the sentencing of such high-profile political figures would not be made without initial consultation between a U.S. attorney's office and Justice Department headquarters, and that it was hard to imagine the department was truly taken aback.

"There is no way you can come away from this with anything other than an impression that Justice is taking its orders from the president and pandering to the president," McCord said. "This is causing lasting and long-term damage to the department's reputation and credibility."

It can be common for prosecutors to disagree about sentencing recommendations, especially when it comes to politically sensitive cases. It would have been unusual, however, for the U.S. attorney's office to endorse a sentence below the guideline range after winning conviction at trial, according to former federal prosecutors.

In the initial 22-page sentencing recommendation, the career prosecutors wrote that a sentence of 87 to 108 months "consistent with the applicable advisory Guidelines would accurately reflect the seriousness of [Stone's] crimes and promote respect for the law."

██████████ were part of the U.S. attorney's office in the District. ██████████ were members of Mueller's team on special assignment to the office. ██████████ revealed the resignations in formal notices of withdrawal from the Stone case. ██████████ asked to withdraw but gave no immediate indication they were resigning from the government.

██████████ the head of the D.C. office's criminal division and also a career prosecutor, entered the case in their place.

Stone's defense on Monday asked for a sentence of probation, citing his age, 67, and lack of criminal history. They also noted that of seven Mueller defendants who have been sentenced, only one faces more than a six-month term: former

Trump campaign chairman Paul Manafort, who is serving 7½ years.

Given the hardships and loss of professional standing suffered by Stone and his family, “No one could seriously contend that a [reduced . . .] sentence would cause anyone to walk away from these proceedings believing that one can commit the offenses at issue here with impunity,” defense attorneys Bruce S. Rogow, Robert C. Buschel and Grant J. Smith wrote.

Federal sentencing guidelines are calculated using mathematical formulas. While prosecutors and defense lawyers make recommendations based on their calculations, ultimately it is up to the judge to decide which factors to consider in sentencing someone, and whether to adhere to the recommendation or depart.

In Stone’s case, the prosecutors came up with a recommendation of seven to nine years based on a number of aggravating factors including an alleged threat to harm a witness — to whom Stone sent the message “prepare to die” — and because prosecutors decided Stone’s conduct resulted in “substantial interference in the administration of justice.”

Under the federal sentencing guidelines’ point system, those factors add years to Stone’s prospective prison sentence. Stone and the witness in question, ██████████ both have maintained Stone’s statement was not a threat of violence, but part of Stone’s history of making bombastic statements.

In their Monday filing, prosecutors argued that more time should be added to Stone’s sentence because of his extensive criminal conduct, which stretched over two years, and because they say he obstructed the prosecution of the case after he was charged.

In a Tuesday filing from Shea and ██████████ the government argued that those enhancements were overkill, noting that Stone’s victim has asked for leniency for him and did not view the statement as an actual threat. The new filing also contended that the enhancements endorsed in the previous government filing were not in keeping with the sentences generally doled out to nonviolent offenders.

Tuesday’s filing suggested — but did not outright recommend — that a sentence of three to four years would be reasonable, and “more in line with the typical sentences imposed in obstruction cases.”

Prosecutors in another case brought by the special counsel’s office, against Trump’s first national security adviser, Michael Flynn, also recently walked back a sentencing recommendation — though the move was subtle.

In early January, prosecutors recommended that Flynn, who pleaded guilty to lying to the FBI about his contacts with Russia’s ambassador to the U.S., be sentenced “within the Guidelines range” of zero to six months in prison. But in another filing just weeks later, they made clear they agreed with Flynn “that a sentence of probation is a reasonable.”

Prosecutors did not explain in the later filing why they emphasized probation as a reasonable sentence for Flynn. Both documents were signed by career prosecutors — ██████████ — though ██████████ has not signed some later filings in the case. Flynn is now seeking to withdraw his guilty plea, alleging a variety of government misconduct.

Barr has been critical of the FBI’s 2016 investigation into Trump’s campaign that Mueller ultimately took over. When the Justice Department inspector general found last year that the bureau had adequate cause to open the case, Barr issued a remarkable public statement registering his disagreement. He said the case was initiated “on the thinnest of suspicions that, in my view, were insufficient to justify the steps taken.”

“It is also clear that, from its inception, the evidence produced by the investigation was consistently exculpatory,” he added.

Barr has tasked the U.S. attorney in Connecticut with exploring the origins of the case, and current and former law enforcement officials have expressed concern that it might be an effort to undercut an investigation because Trump did not like it.

Trump attacks federal judge, prosecutors in Twitter tirade defending Roger Stone

The Washington Post
By Allyson Chiu
2/12/2020

As the fallout from the controversy surrounding Roger Stone's prison term continued Tuesday night, President Trump defended his longtime confidant by firing off a barrage of heated tweets attacking the federal judge and prosecutors involved in the case.

Over the course of roughly two hours, Trump cranked out six blasts about the handling of Stone's sentencing, including one that targeted U.S. District Judge Amy Berman Jackson, who is presiding over the case.

He implied that Jackson harbored some broad bias, linking the Stone case to her role in the sentencing of his former campaign chairman Paul Manafort and her dismissal of a lawsuit against former secretary of state Hillary Clinton related to Benghazi, Libya.

"Is this the Judge that put Paul Manafort in SOLITARY CONFINEMENT, something that not even mobster Al Capone had to endure?" Trump wrote, sharing another tweet that named Jackson. "How did she treat Crooked Hillary Clinton? Just asking!"

Jackson is scheduled to sentence Stone, who was convicted in November of lying to Congress and witness tampering, on Feb. 20.

The timing of Tuesday's online attack prompted many to accuse Trump, who has a long history of mounting public crusades against judges and courts over unfavorable rulings, of attempting to intimidate Jackson and secure a more lenient sentence for Stone.

The White House did not respond to a request for comment late Tuesday.

Trump's fusillade of tweets came shortly after news broke that the Justice Department had overruled the sentencing recommendation for Stone submitted by federal prosecutors, an action that followed Trump blasting it as too harsh.

The prosecutors, citing federal sentencing guidelines, said Stone should serve seven to nine years in federal prison.

In an early-morning tweet Tuesday, Trump lambasted the proposed punishment as "a miscarriage of justice!" Hours later, the Justice Department announced that it would be revising the recommended prison term — a stunning decision that sparked widespread concern about the president undermining the traditional independence of the agency when it comes to individual prosecutions. (The Justice Department said it did not communicate with the White House about Stone's case this week and Trump told reporters Tuesday that he has "not been involved in it at all," The Washington Post reported.)

The growing scrutiny of Trump's perceived effect on the Stone case did little to keep him from weighing in again Tuesday night.

Amid slinging barbs at 2020 Democratic presidential candidates battling it out in the New Hampshire primary, Trump was in full attack mode as he griped about the original sentencing recommendation and demanded to know the identities of the prosecutors behind it. All four prosecutors withdrew from the case, with one quitting his job, following Tuesday's events.

"Who are the four prosecutors (Mueller people?) who cut and ran after being exposed for recommending a ridiculous 9 year prison sentence to a man that got caught up in an investigation that was illegal, the Mueller Scam, and shouldn't even have started?" Trump tweeted, referencing the Russia investigation overseen by special counsel Robert S. Mueller III that led to Stone's conviction.

In a later tweet, Trump appeared to suggest that he was considering the possibility of pardons for Stone and former national security adviser Michael T. Flynn, who pleaded guilty to lying to the FBI during the Mueller investigation.

Many seemed to be most taken aback by Trump's tweet about Jackson, including Clinton, his Democratic opponent in 2016.

In the tweet, Trump questioned Jackson's treatment of Clinton, probably referencing her dismissal in 2017 of a wrongful death claim brought against the former secretary of state in connection with Benghazi. The suit alleged that Clinton's use of a private email server caused the deaths of two Americans at the U.S. diplomatic compound in the Libyan city.

Stone also tried to bring attention to the lawsuit last year when he shared an inflammatory Instagram post targeting Jackson, which earned him a harsh scolding from the judge.

"Do you realize intimidating judges is the behavior of failed-state fascists?" Clinton tweeted Tuesday in response to Trump.

Trump has repeatedly gone after judges who rule against him and questioned the judiciary's constitutional authority. The president's pattern of attacks have been condemned by lawyers and law professors, who have called his rants "worse than wrong" and "dangerous."

His frequent references to "Obama judges" prompted Chief Justice John G. Roberts Jr. to issue a rare rebuke of the president in 2018.

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On Tuesday, Trump's swipe at Jackson was similarly received. People rushed to fact-check the tweet and denounced Trump for "sicking his 70 million Twitter followers" on Jackson, as one person put it. Within moments of the tweet getting posted, Trump's supporters were already chiming in, calling Jackson "truly evil" and slamming her as "a far-left activist Judge."

But, the tweet misrepresented Jackson's involvement in the Manafort case since the judge only sentenced Trump's former campaign manager to 7½ years and was not responsible for the conditions of his confinement while awaiting trial. Meanwhile, Trump resumed tweeting early Wednesday morning about the case, praising Attorney General William P. Barr and railing against "Rogue prosecutors."

Weinstein

Is Harvey Weinstein a rapist? As trial concludes, jury will be faced with a complicated case and a heavy task.

The Washington Post

By Shayna Jacobs

2/12/2020

NEW YORK — Allegations of sexual assault and harassment against Harvey Weinstein helped kick-start a cultural movement in late 2017.

But did the high-powered producer, who was cast out of Hollywood high society in the wake of the many accusations against him, commit a crime?

That's the heavy question a Manhattan jury will face early next week as Weinstein's headline-making trial nears its close. The jury of seven men and five women is set to begin deliberations after the Presidents' Day long weekend.

Another defense witness, ██████████ is a manager at ██████████ old building. He said a doorman is on duty 24 hours a day. Prosecutors have suggested Weinstein paid one off to get upstairs unannounced, or went upstairs unnoticed. "I don't think they could be bribed," ██████████ said of his staff.

██████████ In 2006, she said she was invited to Weinstein's hotel room at the Cannes Film Festival to discuss possible jobs. When she got there, he requested a massage.

"I was extremely humiliated and just felt very stupid that I had been so excited to go and see him and that he treated me that way," a tearful ██████████ said.

A Weinstein deputy offered her a \$125-per-day temp job working on the TV show "Project Runway" in New York. Around this time he invited her for drinks and tried to talk her into a trip to Paris with him on a private jet, which she declined. She accepted an offer to go to Los Angeles, but on a commercial flight. On the eve of that trip, ██████████ testified, she was assaulted. She went to his SoHo apartment "to stop by and say hi. I had no reason not to," she testified. "It would have been odd to decline when I had accepted to go to L.A."

██████████ described him turning what was "normal conversation" into an unwanted advance.

"I just kind of tried to reject him and push him away; and he would just pull me back and keep kissing and fondling me . . . I was walking backwards trying to get away, but he would just come at me," the witness said.

"I don't want this to happen," she said, according to the testimony. "I'm on my period."

"He held me down on the bed and he forced himself on me orally," the witness said, blotting tears from her reddening face during her testimony. "I was on my period, I had a tampon in there . . . I was mortified."

██████████ admitted to having a sexual encounter with Weinstein a short time after.

"I didn't resist physically," she said of the encounter. "I just laid there."

The trial's most dramatic moments were during questioning of ██████████ a woman who carried on a five-year consensual relationship with him. Prosecutors tried to build an image of ██████████ as a "naive" girl from rural Washington state.

She testified that Weinstein raped her twice — although Weinstein has only been charged in the ██████████ 2013, alleged incident at the DoubleTree hotel on Lexington Avenue in New York.

Her testimony, spanning three days with about 10 hours of brutal cross-examination, was at times baffling. She insisted she was repulsed by Weinstein but had "compassion" for him after seeing what she described as a deformed body and genitals.

██████████ story is the most complicated. Years of email records show an ongoing flirtation and an affectionate vibe with Weinstein. She testified that she also thought of him as a father figure.

██████████ admitted she couldn't pin down when a second alleged rape at the Peninsula hotel in Los Angeles would have happened.

For jurors to convict Weinstein on predatory sexual assault, he needs to be found guilty of attacking ██████████ and ██████████ and/or ██████████ and ██████████

The three additional accusers and their impact on the trial

Weinstein faces individual counts of rape and criminal sex act. He's charged with raping ██████████ in 2013 and with forcing a sex act on ██████████ in 2006. ██████████ whose allegations were considered by prosecutors to be time-barred from being

charged as its own criminal act, is represented by a pair of predatory sexual assault counts.

Weinstein faces the most time in prison — a minimum of a decade and up to life — on those charges.

The three main accusers were supported by three more alleged victims, allowed by the judge to help prosecutors show what they say is a history of bad conduct. Jurors have been told that testimony from [REDACTED] has limited value. Weinstein's legal team has argued from the start that their testimony is prejudicial.

[REDACTED] was an aspiring actress who met Weinstein while waitressing at a trendy lounge. She said she grew to trust Weinstein, who invited her to industry events. She was glad to have a powerful connection in the business. [REDACTED] said she was in a Weinstein business suite at a New York hotel in 2004 when she was summoned alone to his bedroom where she alleges that he reached up her skirt.

[REDACTED] a model and former cocktail waitress [REDACTED] said Weinstein masturbated in front of her after taking her to a secluded landing during one of her shifts. She testified that she stepped out of the venue with him because he said she had a "great look" and suggested he could help her get acting gigs.

The witness, [REDACTED], also testified that she was sent in 2005 from his office (where she thought she was reading a script) to Weinstein's Crosby Street apartment. There, she said, he raped her after telling her not to worry because he's "had a vasectomy."

[REDACTED] said the Miramax founder and an accomplice "trapped" her in a Montage hotel suite in Los Angeles in 2013. Weinstein groped her and pleased himself, she said. Young is one of the two victims who are part of a case against Weinstein in Los Angeles for rape and sexual assault; those charges against him were announced on Jan. 6, the day his New York trial officially started.

His lawyers argued it was a "coordinated" effort to smear him before jury selection.

What's on the line for the Manhattan district attorney?

The case is high-stakes for the Manhattan district attorney, who has taken heat over his office's handling of sex crimes. Cyrus Vance Jr. has personally been in the courtroom for almost the entirety of the trial, intently watching his prosecutors in action.

Vance's office was widely criticized for declining to charge Weinstein in 2015 after [REDACTED] said the producer groped her at his Tribeca office. She confronted Weinstein and recorded their interaction, where he can be heard apologizing on the tape.

Vance has also been under scrutiny recently for his handling of a sex abuser gynecologist, Columbia University doctor Robert Hadden. Hadden was allowed to take a jail-free plea deal in 2016 even though at least 20 women, many of whom were pregnant, have stories of being sexually abused in the exam room by him. One is [REDACTED]

Vance is up for reelection next year. Several challengers are already campaigning. Many in the city's legal community speculate that his decision to seek or decline to seek reelection will be based on the outcome of the case. A Vance spokesperson declined to comment on whether his decision will be tied to the Weinstein outcome.

[REDACTED]
Public Affairs
United States Department of Justice
U.S. Attorney's Office | Southern District of New York
[REDACTED]