

Received a call approximately 4:20 PM July 29, 2019.

<https://www.justice.gov/usao-sdny/contact-us> **Reporting a Crime** (212) 637-0850

[U.S. Attorneys](#) » [Southern District of New York](#) » [Programs](#) » [Victim & Witness Services](#)

United States v. Jeffrey Epstein, 19 Cr. 490 (RMB)

If you believe you were a victim of Jeffrey Epstein or have information about the allegations in the Indictment, please call 1-800-Call-FBI.

July 19, 2019 update:

On July 18, 2019, a status conference was held in the case of *United States v. Jeffrey Epstein*, 19 Cr. 490 (RMB). The court announced its ruling that the defendant will be incarcerated pending trial. The next conference, which is expected to address scheduling and administrative matters, is scheduled for Wednesday, July 31, 2019, at 11:30 a.m. before the Honorable Richard M. Berman, United States District Judge for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York, in Courtroom 17B.

July 16, 2019 update:

On July 15, 2019, the continuation of a bail hearing was held in the case of *United States v. Jeffrey Epstein*, 19 Cr. 490 (RMB). The court heard arguments regarding the status of the defendant's bail, and reserved decision. The defendant currently remains detained. The next conference, which is expected to include the court's ruling on the defendant's application for pretrial release, is scheduled for Thursday, July 18, 2019, at 9:30 a.m. before the Honorable Richard M. Berman, United States District Judge for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York, in Courtroom 17B.

July 9, 2019 update:

On July 8, 2019, an initial presentment and arraignment was held in the case of *United States v. Jeffrey Epstein*, 19 Cr. 490 (RMB). The defendant consented to detention pending a subsequent bail hearing. The next conference, which will include a bail hearing, is scheduled for Monday, July 15, 2019, at 10:00 a.m. before the Honorable Richard M. Berman, United States District Judge for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York, in Courtroom 17B.

Pursuant to the Crime Victims' Rights Act, Title 18, United States Code, Section 3771(a)(4), a crime victim has the right to be reasonably heard at certain public proceedings in the district court, including proceedings involving release. If you believe you are a victim in connection with this case, and would like to be heard in connection with the hearing scheduled for July 15, 2019, please contact Wendy Olsen, Victim/Witness Coordinator, at the telephone number or email address listed below.

July 8, 2019 update:

On July 8, 2019, the United States Attorney's Office announced the unsealing of federal felony charges against JEFFREY EPSTEIN on charges of sex trafficking of minors and conspiring to commit sex trafficking of minors. EPSTEIN is accused of committing these crimes in locations including, but not limited to, New York, New York, and Palm Beach, Florida.

If you believe you are a victim of JEFFREY EPSTEIN, from during any time period and in any location, please contact the Victim / Witness specialists at the U.S. Attorney's Office listed below.

The charges are contained in Indictment 19 Cr. 490 (RMS). You may view a copy of the Indictment [here](#).

Updates regarding the progress of this case will be posted on this site.

The United States Attorney's Office for the Southern District of New York is committed to protecting the rights of crime victims. If you believe you are a victim of the offense charged, our [Victim/Witness Unit](#) can make sure that you are notified of important stages of the case to help you exercise your rights. In addition, our Victim/Witness Unit can help refer you to agencies that provide other services to witnesses, such as compensation (under certain circumstances) and counseling. If you believe you are a victim, or if you would like information or assistance with referrals, please contact:

[REDACTED]
Victim/Witness Coordinator
United States Attorney's Office
[REDACTED]
New York, New York 10007
[REDACTED]
[REDACTED]

Attachments:

[Download u.s. v. jeffrey epstein indictment redacted.pdf](#)

TELEPHONE CI stated:

The CI disclosed that they had information that; Jeffery Epstein wired over \$380,000 to the Bryan/Roach Campaign during 2018, and possibly in 2019. One of the last transactions was for \$70,000. The wires were sent to Sebastiano Cassinelli Paiewonsky, Esq., of St. Thomas, USVI. An Attorney (female) for Paiewonsky set up the fund to place the money into, as a IRS 501 c(4) tax-exempt, specifically for the operation of social welfare organizations. The funds were deposited into the fund. It was stated that the funds were used for campaign expenses and to pay persons to do things for the team.

A contact for Epstein for St Thomas Insured Property was Nantilus Inc., AmWins of New York. Also, Marcello Piacento was mentioned as the Broker involved in insurance settlement. A man named Garrett Jones from New York represents Epstein for local transactions, including insurance settlements and purchases. The contact person for the loss survey in St Thomas was Ms. [REDACTED] (approx. 37 years old) an employee of Epstein's VI Companies. She claims to buy clothing and other things for Epstein when he is here. He likes polo shirts. She claims to be paid as the Executive Assistant to Epstein and the St. James Property. She has received gifts from Epstein, including a boat. Epstein is ½ owner of the American Yacht Harbor facility at Red Hook St Thomas, VI. He also owns a boat docked there and on the island. He is owner of AH Riise and Isidor Paiewonsky Association Inc., in St Thomas, VI. Recently he and former Governor John P de Jongh, Jr., as partners, purchased the Nisky Shopping Center in St Thomas, VI. Another transaction took place in October 2018 where Sebastiano Paiewonsky received approval for \$10 million from the Chamber of Commerce to

partially fund building of a new hotel at Yacht Haven Grande in St. Thomas, VI. Other activities in the VI have references to Sebastiano Cassinelli Paiewonsky.

<https://stthomassource.com/content/2016/11/08/bdo-usvi-announces-new-managing-member-john-engerman/> BDO, the world's fifth largest accountancy network, has announced the appointment of **a new managing member** in the St. Thomas office. Native Virgin Islander John A. Engerman was appointed in July 2016. He brings to BDO USVI 20 years of progressive accounting and consulting experience.

After serving the Virgin Islands community as a CPA for over 36 years, Katherine Gibson is stepping down as managing member but will remain on staff. Engerman and the staff have pledged to provide BDO USVI's existing and new clientele even more comprehensive auditing, accounting, taxation and advisory services.

"I am so happy to be back home in the Virgin Islands and, especially, to bring my many years of experience to the people, entrepreneurs and businesses of the Virgin Islands," Engerman said. "I am thrilled with the addition of John Engerman and additional staff in the BDO USVI office to bolster the services that we provide for our clients. I am confident that with this fusion of ideas, energy and leadership, BDO USVI is becoming the go-to firm for all those corporate and private clients in need of auditing, accounting, taxation and advisory services in the Virgin Islands," said Gibson. In appreciation of its many clients and Gibson's contributions to the firm and community, BDO USVI will hold a special meet and greet party on Wednesday, Nov. 9, at Grande Cru Restaurant in Yacht Haven Grande.

In 2017 BDO USVI got the Single Audit Contract with the VI Department of Finance. It was alleged that the bidding process was questionable and Commissioner Val Collens had some personal interest. No one knows where Mr. Collens now works.

Recently someone went to the VI Board of Elections and asked for a copy of the Campaign Contributions Reports for Bryan/Roach Team the employee there refused to provide a copy of anything.

501(c)(4) refers to a section of the U.S. federal income tax code concerning social welfare organizations. Corporations that have been granted 501(c)(4) status by the Internal Revenue Service are exempt from federal income tax. ... These **organizations** may engage in political lobbying and political campaign activities.

To be tax-exempt as a social welfare organization described in Internal Revenue Code **(IRC) section 501(c)(4)**, an organization must not be organized for profit and must be operated exclusively to promote social welfare. The earnings of a section 501(c)(4) organization may not **inure** to the benefit of any private shareholder or individual. If the organization engages in an **excess benefit transaction** with a person having substantial influence over the organization, an excise tax may be imposed on the person and any managers agreeing to the transaction. See **Introduction to IRC 4958** for more information about this excise tax. For a more detailed discussion of the exemption requirements for section 501(c)(4) organizations, see **IRC 501(c)(4) Organizations**.

New legislation enacted at the end of 2015 added Section 506 to the Internal Revenue Code. Section 506 requires an organization to notify the IRS of its intent to operate as a Section 501(c)(4) organization. The IRS has developed a new form – Form 8976 – that organizations should use to provide this notification. For information about applying for exemption, see [Application for Recognition of Exemption](#).

This requirement only applies to organizations intending to operate under Section **501(c)(4)**. Organizations operating under any other 501(c) section should not file this notice. To be operated exclusively to promote social welfare, an organization must operate primarily to further the common good and general welfare of the people of the community (such as by bringing about civic betterment and social improvements). For example, an organization that restricts the use of its facilities to employees of selected corporations and their guests is primarily benefiting a private group rather than the community and, therefore, does not qualify as a section 501(c)(4) organization. Similarly, an organization formed to represent member-tenants of an apartment complex does not qualify, because its activities benefit the member-tenants and not all tenants in the community, while an organization formed to promote the legal rights of all tenants in a particular community may qualify under section 501(c)(4) as a social welfare organization. An organization is not operated primarily for the promotion of social welfare if its [primary activity is operating a social club](#) for the benefit, pleasure or recreation of its members, or is [carrying on a business with the general public](#) in a manner similar to organizations operated for profit.

Other names in the campaign and funding controlled through this special 501 c(4) fund were:

John Engerman, campaign manager for Bryan/Roach 2018

██████████ contractor who worked for Epstein on St. James Islands

Anna H. Paiewonsky, Attorney, St. Thomas, VI

Campaign Committee or Political Action Committee (PAC)

Virgin Islands Campaign Disclosure Rules and Regulations defines a political committee as:

Any political action committee, club, association, principal campaign committee, political party, or other group of one or more persons which receives or anticipates receiving contributions or makes or anticipates making expenditures to or on behalf of any elected official, proposition, candidate, principal campaign committee, or other political action committee.

Statement of Organization

If a political committee (other than a Principal Campaign Committee formed by a candidate) receives contributions or makes expenditures in excess of \$1,000, the committee must file a Statement of Organization Form within 10 days of reaching that threshold or within 10 days of forming. The statement and subsequent campaign finance pre-election reports are filed with the

Office of the Supervisor of Elections, if the PAC supports candidates or issues at the Territorial level or with the local candidates or issues.

Financial Disclosure Reports

Candidates and PACs are required to file when they participate in an election, but all political committees must file biannual Reports.

Notification of Material Change

Changes in officers, phone number or address, e-mail address or a name change for a political action committee must be reported within 10 days of the change.

Termination of Committee

Once a political committee becomes inactive, the chairperson should dissolve the committee by filing a Statement of Dissolution with the Office of the Supervisor of Elections. This form must be accompanied by a final report showing all contributions and expenditures not previously reported and stating how any excess funds will be distributed.

Advertising

When a political committee sponsors any political advertising for or against a candidate or ballot issue, the advertising must be clearly identified by the organization. Additional information on [Campaign Disclosure Information](#).

Political Committees

The Rules and Regulations require that receipts and canceled checks must be kept for six years from the date of expenditure. The Rules and Regulations specify that the political committee's money shall not be commingled with any personal funds of officers, members or associates of the political committee.

Tax Information

Some PACs are not tax exempt. For additional information, contact the Internal Revenue Bureau, 340-715-1040, and the Internal Revenue Service.

<https://www.vivote.gov/candidates/advertising-guidelines>

One Person noted: John A. Engerman, the head of BDO Virgin Islands, primarily an auditing firm with millions of dollars in local, federally funded contracts, told The Consortium Monday that he was in the process of buying the Virgin Islands arm of the company. Once the process is complete, Mr. Engerman said he would then change the name BDO VI to something entirely different in an effort to untie the company from the scandal currently rocking Puerto Rico, in which BDO PR Managing Director Fernando Scherrer was arrested as part of a 32-count federal indictment. While Mr. Engerman is in charge of BDO VI, his superior is Mr. Scherrer, who Mr. Engerman revealed is a licensed CPA in the U.S. Virgin Islands. But Mr. Scherrer resigned from BDO Puerto Rico following his arrest. "As a result of the accusations issued today by the federal authorities, Mr. Fernando Scherrer has submitted his resignation to the position he held at BDO Puerto Rico, which will allow Mr. Scherrer to focus on his defense, while this will allow BDO to concentrate its efforts to provide services to their customers," BDO PR [said in a statement](#).

This has caused some problems from Mr. Engerman's operation in the U.S. Virgin Islands: since Mr. Scherrer, who was the head of the U.S. Virgin Islands operations, has resigned, it essentially leaves the Virgin Islands BDO arm in a dilemma. The Consortium was told that BDO VI could be in violation of local law caused by Mr. Scherrer's resignation. Mr. Engerman is scheduled to meet with the Virgin Islands CPA Board today to discuss next steps. During the interview with The Consortium, however, he said BDO VI was not in violation of local statutes because Mr. Scherrer was still a licensed CPA in St. Thomas.

And although there are reports about Mr. Scherrer's resignation, made known through a statement that BDO PR issued, Mr. Engerman said he believed Mr. Scherrer was placed on administrative leave, not fired, and was removed from his managing partner position.

In a statement following the initial interview, Mr. Engerman added, "BDO PR has informed me that they have already started their ongoing internal investigation and review of former Manager Partner Fernando Scherrer, considering the allegations of misconduct against him and others. They will provide a statement and any further updates at the appropriate time."

Amid the Puerto Rico scandal, Mr. Engerman sees it prudent to unbind himself and his colleagues from any BDO PR-related dealings. His aim is to be "separate from the BDO brand altogether." He added, "This caught everybody by surprise."

BDO or Binder Dijker Otte, is an international network of public accounting, tax, consulting and business advisory firms which perform professional services under the name of BDO. Each BDO member firm is an independent legal entity in its own country.

Mr. Engerman said he called Janice Hodge, chair of the CPA Board, to inform her of the developments.

"I called to let her know what's going on and I need to clean things up and get things together. We will continue to serve the people of the Virgin Islands with the same staff, same people," he said.

Mr. Engerman said the turnaround from buyout to new name should take about 30 days. He also said he would own 100 percent of the new company.

"I can't go faster than the paperwork and lawyers will allow it to go," he said of the transition. "Again, everything happened so fast. No one knew it was coming. I had no idea what was going on in Puerto Rico."

Mr. Scherrer was charged with wire fraud, conspiracy/theft, and money laundering conspiracy. He pleaded not guilty in a Puerto Rico federal court, according to El Nuevo Dia. Velázquez Piñol, who was a consultant for a company that oversaw the Health Insurance Administration of Puerto Rico (ASES) and who acted as a subcontractor for BDO, was charged with wire fraud, conspiracy/theft, money laundering, and money laundering conspiracy. He turned himself in to authorities in Connecticut. Rosa Emilia Rodríguez Vélez, the U.S. attorney for Puerto Rico, said the men used their political influence to improperly obtain contracts, and then used that money for illegal lobbying, [according to the New York Times](#).

"This type of corruption is particularly egregious because it not only victimizes taxpayers, it victimizes those citizens and students that are in need of education assistance," said Neil Sanchez, the special agent in charge of the southern region of the inspector general's office at the United States Department of Education, which first flagged that something was amiss in Puerto Rico.

The Department of Justice accused those involved of unlawfully steering about \$15.5 million in federal contracts to politically connected consultants.

Contracts totaling \$2.5 million were steered to BDO PR by Ávila Marrero, who provided internal information to the firm. BDO then subcontracted the work and paid unauthorized commissions, which inflated the cost of the contracts, the Justice Department alleged, [according to Bloomberg](#). Mr. Piñol, owner of Azur LLC, was the connection between BDO PR, the Department of Education, and ASES, according to the indictment, which also claims Mr. Piñol used his connections with Keleher and Ávila Marrero to give BDO PR more contracts within each agency.

[Last week](#), The Consortium reported that the unfolding scandal in Puerto Rico made for bad optics in the Virgin Islands, where Mr. Engerman — Governor Albert Bryan's close friend and confidant, — leads BDO VI, which has gotten millions of dollars in contracts. Mr. Engerman was also Mr. Bryan's campaign manager during the primary and general elections (2018).

Yet, though the optics may not look good, there has been no evidence that BDO VI received its lucrative contracts because of Mr. Engerman's connections. [And BDO VI's contracts with government-owned entities predate Mr. Bryan's election.](#)

"As you may already know, there have been no allegations of impropriety or misconduct against any of BDO VI senior staff or its employees," Mr. Engerman said in a statement.

Calls for PR governor's resignation because of corruption scandal

Washington lawmakers are calling for Puerto Rico Governor Ricardo to resign following the federal indictment, as many of those accused in the investigation served in Mr. Rosselló's administration.

According to the Washington Post, the arrests also fueled concerns on Capitol Hill about the billions of dollars in aid that Congress has approved for the island.

President Donald Trump, who has long complained about corruption in Puerto Rico, may view the latest indictment as validation to his stance, and may use it as reason enough to curtail aid to the island, Puerto Rico politicians complained.

According to the federal indictment, the former secretary of the Puerto Rico Department of Education, Julia Keleher; and the former director of the Health Insurance Administration were arrested along with

others. The indictment also charged Glenda E. Ponce Méndoza, who worked as Ms. Keleher's special assistant despite not being a department employee, and her sister, Mayra Ponce Mendoza, owner of consulting firm Colón & Ponce.

Rep. Raúl M. Grijalva (D-Ariz.), chairman of the Natural Resources Committee that oversees Puerto Rico, called on Mr. Rosselló to resign amid the ongoing federal investigation, according to The Post.

"We've crossed that crucible now," said Mr. Grijalva, who later reiterated on Twitter that he supports Mr. Rosselló's resignation. "The restoration of accountability is so key going forward."

According to the Associated Press, Mr. Rosselló was not involved in the investigation. The governor said on Twitter he would cut short a vacation to return to the island, vowing to fight corruption.

San Juan Mayor Carmen Yulín Cruz and political opponent of the governor, said while the allegations "do not represent what the people of Puerto Rico are about," it would bolster Mr. Trump's criticism of the island and hinder potential aid. "The governor of Puerto Rico and his administration have now given President Trump the ammunition he needed," she said.

Congress has approved \$42 billion for the island's recovery, but only about \$14 billion of that money has been spent, according to The Post, citing federal data.

Calls for Mr. Rosselló's resignation grew louder following the leak of hundreds of pages showing Telegram communications of Mr. Rosselló and members of his administration deriding opponents and even some allies. The governor has since begged for forgiveness, but that has not quelled the furor, with Puerto Ricans taking to the streets demanding that he step down.

A problem for PR could be a Problem for the VI

In many ways, Puerto Rico's woes, as they relate to federal disaster recovery aid, affect the U.S. Virgin Islands also, as the islands are usually lumped in one regarding the release of disaster funds, even as Puerto Rico, because of its population, has received most of the money. Take for example the recent Congressional approval of a \$19.1 disaster aid package. The approval process of the funds was protracted because Mr. Trump sought to limit the amount Puerto Rico was slated to receive from the allotment. This, of course, has caused a delay in the release of badly needed disaster dollars to the territory — in this case, \$27 million.

According to The Post, a 2019 study by the University of Michigan found that the federal response was both faster and more generous after hurricanes struck Florida and Texas than it was for Puerto Rico. Congress also let expire emergency food stamp aid for Puerto Rico in March, causing reductions in critical federal help for more than 1 million island residents. "What we found is that there was a very significant difference in not only the timing of the responses but also in the volume of resources distributed in terms of money and staffing," said lead author of the study Charley Willison, a doctoral candidate in U-M's School of Public Health. <https://viconsortium.com/breaking-news/john-engerman-to-buyout-bdo-vi-and-change-company-name-following-bdo-puerto-rico-corruption-scandal/>

BDO, A USVI FIRM, PARTNERS WITH WITT O'BRIEN'S TO MANAGE TERRITORY'S DISASTER RECOVERY PROJECTS

News / Virgin Islands / February 11, 2019

Fourteen highly skilled local professionals have been hired by St. Thomas-based BDO USVI, a

professional services firm partnering with FEMA contractor Witt O'Brien's to implement a program management office (PMO) that will work across all governmental entities receiving federal disaster

funding to help ensure the territory's hundreds of reconstruction projects are completed in the most efficient and cost-effective manner, a release BDO issued Monday said.

According to the release, the close-knit BDO USVI PMO group will operate within the Public Finance Authority's (PFA) newly established Office of Disaster Recovery, which will provide strategic oversight for the expected \$8 billion in federal disaster recovery funds allotted to the USVI.

The new hires selected for the PMO, a first in the territory, have many years of experience in analytics, project management and communications in various industries, the release said. One employee, Melania Girigoria, who joined BDO USVI's PMO as a project analyst, was in the process of relocating when she was contacted about the new opportunity.

"I was literally packing items into a moving box and had already ended my lease when I received the call," she said.

It didn't take long for Ms. Girigoria to agree to come on board—a decision she was happy to make, according to the release.

"There aren't many opportunities locally for persons with my project management or technical skills, so I was very thankful for this role, which gives me the opportunity to give back to my community while doing work that I love," she said.

At the start of the USVI recovery program, Witt O'Brien's and the Government of the Virgin Islands made a commitment to transition some of the management of the program and skilled technical positions to local professionals as soon as possible. The release said the this transition is being accelerated by the new partnership between BDO USVI and Witt O'Brien's, whose business relationship began shortly after the hurricanes in late 2017.

The release said BDO USVI's PMO Director Alain Leroy praised the partnership with Witt O'Brien's as one that puts local professionals back to work and contributes to stopping the local 'brain drain'—a phenomenon that sees skilled professionals leaving the Territory in search of better employment and career opportunities.

"Our partner Witt O'Brien's has afforded BDO USVI a remarkable opportunity that has allowed us to hire topnotch, homegrown talent from St. Thomas and St. Croix," he said. "This shows the commitment of Witt O'Brien's to ensure federal funds for local disaster recovery benefit the local community in every way."

"We're happy to welcome the BDO USVI team," said Brad Gair, USVI recovery program principal for Witt O'Brien's. "Our mission is to help the Virgin Islands to accelerate recovery and to build back stronger. The best way to achieve that is by combining the best and the brightest island professionals with the recovery expertise our firm has nationwide."

Witt O'Brien's recovery expert, Norberto Dueñas, joined the USVI recovery team within a few months of retiring as the City Manager of San Jose, Ca., America's tenth largest city, bringing with him hands-on experience managing large capital improvement programs. He said, "I'm excited to be supporting the USVI CDBG-DR program and look forward to working with the BDO USVI team to train and transition more recovery program roles to local staff over the next year."

The PMO duties will include collecting and analyzing data related to federally funded disaster-recovery projects across government agencies and instrumentalities in order to ensure projects start and end on time, and remain within pre-determined budgets.

John A. Engerman, Governor Albert Bryan's campaign manager, said he is a partner of BDO VI. Here's the official statement from the company on Mr. Engerman's involvement: "BDO USVI has been providing the Virgin Islands community with consulting and professional services since 2014. Mr. Engerman has built a strong reputation as an astute businessman that serves his clients with integrity and one who avidly gives back to the community. While Mr. Engerman volunteered to serve as Governor Bryan's territorial campaign manager in the recent elections, he has not joined the Bryan Administration and remains a private citizen, operating a private business that provides excellent employment opportunities for Virgin Islanders. Witt O'Brien's partnership with BDO USVI is a testament to BDO's ability to handle the complex tracking and reporting matters surrounding the USVI's long-term recovery."

Engerman reportedly returned to the USVI in 2016. It appears he may have been working in Washington, DC.

<https://viconsortium.com/virgin-islands-2/bdo-usvi/>