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Subject: Bob Norman
Date: Thu, 19 Nov 2009 15:34:10 +0000
Inline-Images: mime_part_1.jpg

Rothstein's Marathon Dance With The Feds

By Bob Norman
Thu., Nov. 19 2009 @ 8:30AM

It's time to set a lot of people straight on what is going on with Scott Rothstein (and get a comment cleaner up here).



One of the main things you hear when you bring him up is people who just can't believe he's "walking free." They point to [the video](#) I shot of Rothstein at Capital Grille and say, "Why is he running around drinking martinis after he's stolen hundreds of million dollars?"

Based on what I know about the way federal investigations generally work, which is between nothing and a whole lot, I can almost guarantee you that Rothstein is for all intents and purposes in federal custody already. He's in a hotel or safehouse somewhere outside his old stomping ground of downtown Fort Lauderdale -- *not* the Riverside, for instance -- and, as others have already surmised, he's trying to shave some years off a life sentence.

Rothstein will of course not escape or go free. That is not an option. A getaway, via escape or plea bargain, by Rothstein would count as one of the largest blunders in federal law enforcement history. It can't happen. Plus, Rothstein already escaped with a millions of dollars and was set up for the life of a rich fugitive in Morocco.

Guess what? He came back. Life as a fugitive sucks. It's lonely and it's scary. Takes a special kind of person to live as a fugitive and Rothstein obviously isn't that kind of person. Plus, there's a good chance that some very angry and very heavy former associates might have

put him out of his misery very quickly. Rothstein ran to Morocco. I'm wondering if he didn't run home into the arms of the federal government for protection.

It's a little surprising that it's taken this long, though. Rothstein has been back for 16 days. I was thinking some indictments would come down by the end of last week. It's getting to be like that movie, *They Shoot Horses, Don't They*. But I think that the duration of time bespeaks of the complexity of the case. First, think about what we know. We know that he looted his investment and law firm accounts out of something on the order of \$200 million during that last month or so. What did he do with all this money? Well I'm hearing he wired it all over the place. I'm hearing it's a complicated disaster of a puzzle to find all the money. Some of it, of course, may still be in Morocco. It's likely going to be a monumental task recovering that money. We know Rothstein was in a chaotic state of mind at the time, possibly on prescription medication. He might claim that he doesn't even know what he did with it all.

On top of that, we have numerous threads of investigation. We have the investigation of major financial institutions, starting with TD Bank, which somehow allowed Rothstein to do all that looting. There's also Rothstein's stake in Gibraltar Bank and other banks. We have the investigation of the fraud itself, focusing on Rothstein's inner circle in the inner sanctum. I heard the feds just got around to interviewing a couple of former RRA secretaries yesterday. Then there's the big money and the feeders and the promoters. Who gets charged and who doesn't? There's the investigation of the law firm, including Stuart Rosenfeldt and Russell Adler. There's the public corruption and election fraud angles. There's the investigation of his ties to law enforcement at BSO and the Fort Lauderdale Police Department. And there are surely a lot of stories Rothstein is telling that we have no idea about.

It's a massive undertaking for Assistant U.S. Attorney Jeffrey Kaplan and FBI and IRS agents. I frankly wonder if the feds aren't overwhelmed. These people are human, let's not forget. And this is one of the largest, most complicated and far-flung investigations ever to hit South Florida.

They need Rothstein's help to get the job done right, if that's even possible at this point. No better time to get that help than before he's charged. Both the government and Rothstein have some leverage right now. They're involved in a complex and high-stakes negotiation. The feds want the money, the truth, and all the indictments that the case deserves. Rothstein is surely hoping for an old age outside of prison.

We'll see how it shakes out.

-- It's a fact that Rothstein was sued for paternity back in 1994 by a woman named Deborah Safra. Here's [the case from the Broward Clerk of Courts page](#).

-- Rothstein's law firm, in the person of attorney Carlos Reyes, was also trying to get some business from the North Broward Hospital District. My colleague Thomas Francis digs into some intriguing dealings there [in this post](#) on the Juice blog.