

Trump's business network reached alleged Russian mobsters

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(Photo: Jim Lo Scalzo, POOL, EPA)

To expand his real estate developments over the years, Donald Trump, his company and partners repeatedly turned to wealthy Russians and oligarchs from former Soviet republics — several allegedly connected to organized crime, according to a USA TODAY review of court cases, government and legal documents and an interview with a former federal prosecutor.

The president and his companies have been linked to at least 10 wealthy former Soviet businessmen with alleged ties to criminal organizations or money laundering.

Among them:

- A member of the firm that developed the Trump SoHo Hotel in New York is a twice-convicted felon who spent a year in prison for stabbing a man and later scouted for Trump investments in Russia.
- An investor in the SoHo project was accused by Belgian authorities in 2011 in a \$55 million money-laundering scheme.
- Three owners of Trump condos in Florida and Manhattan were accused in federal indictments of belonging to a Russian-American organized crime group and working for a major international crime boss based in Russia.
- A former mayor from Kazakhstan was accused in a federal lawsuit filed in Los Angeles in 2014 of hiding millions of dollars looted from his city, some of which was spent on three Trump SoHo units.
- A Ukrainian owner of two Trump condos in Florida was indicted in a money-laundering scheme involving a former prime minister of Ukraine.

Trump's Russian connections are of heightened interest because of an FBI investigation into possible collusion between Trump's presidential campaign and Russian operatives to interfere in last fall's election. What's more, Trump and his companies have had business dealings with Russians that go back decades, raising questions about whether his policies would be influenced by business considerations.

Trump told reporters in February: "I have no dealings with Russia. I have no deals that could happen in Russia, because we've stayed away. And I have no loans with Russia. I have no loans with Russia at all."

Yet in 2013, after Trump addressed potential investors in Moscow, he bragged to *Real Estate Weekly* about his access to Russia's rich and powerful. "I have a great relationship with many Russians, and almost all of the oligarchs were in the room," Trump said, referring to Russians who made fortunes when former Soviet state enterprises were sold to private investors.

Five years earlier, Trump's son Donald Trump Jr. told Russian media while in Moscow that "Russians make up a pretty disproportionate cross section of a lot of our assets" in places like Dubai and Trump SoHo and elsewhere in New York.

New York City real estate broker Dolly Lenz told USA TODAY she sold about 65 condos in Trump World at 845 U.N. Plaza in Manhattan to Russian investors, many of whom sought personal meetings with Trump for his business expertise.

"I had contacts in Moscow looking to invest in the United States," Lenz said. "They all wanted to meet Donald. They became very friendly." Many of those meetings happened in Trump's office at Trump Tower or at sales events, Lenz said.

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Dealings with Russian oligarchs concern law enforcement because many of those super-wealthy people are generally suspected of corrupt practices as a result of interconnected relationships among Russia's business elite, government security services and criminal gangs, according to former U.S. prosecutor Ken McCallion, as well as Steven Hall, a former CIA chief of Russian operations.

"Anybody who is an oligarch or is in any position of power in Russia got it because (President) Vladimir Putin or somebody in power saw some reason to give that person that job," Hall said in an interview. "All the organized crime figures I've ever heard of (in Russia) all have deep connections and are tied in with people in government."

FBI Director James Comey acknowledged at a congressional hearing into Russian interference in the U.S. election March 20 that many wealthy Russians may have close ties to the Kremlin and may be acting on its behalf.

Trump has not been accused of any wrongdoing in connection to any of the individuals mentioned in this article.

However, the deals, and the large number of Russians who have bought condos in Trump buildings, raise questions about the secrecy he has maintained around his real estate empire. Trump is the first president in 40 years to refuse to turn over his tax returns, which could shed light on his business dealings.

The White House declined to comment about this article, referring questions to the Trump Organization in New York. Amanda Miller, a spokeswoman for the Trump Organization, denied any transactions with people named in this article.

"The allegations ... are entirely without merit," Miller said in an email. "The Trump Organization never entered into a single transaction with any of these individuals and the condominium units were all owned and sold by third parties — not Trump."

Trump's privately held company works through a network of subsidiaries and partnerships that make direct connections hard to trace, particularly since he has refused to release his tax filings. In addition, some of the Trump Organization's investors and buyers operate through shell companies and limited liability corporations that hide the identities of individual owners.

Trump and the Trump Organization signed licensing agreements for an ownership stake in properties such as Trump SoHo and Trump International Beach Resort, which bear the Trump name without requiring an investment by him. In the SoHo project, Trump received an 18% share of the profits in return for use of his name, according to a deposition Trump gave in 2007 for a defamation lawsuit he brought against an author.

The SoHo project



Donald Trump, Tevfik Arif and Felix Sater attend the Trump Soho Launch Party on Sept. 19, 2007 in New York. (Photo: Mark Von Holden, WireImage)

Among Trump's partners in the SoHo project was Felix Sater, a Russian immigrant who spent a year in prison for the 1991 stabbing. He later cooperated with the FBI and the CIA for a reduced sentence after he was convicted in a \$40 million stock manipulation and money-laundering scheme in New York state.

Sater was a major player in the Bayrock Group, which developed the Trump SoHo. A former Bayrock finance director and partner, Jody Kriss, referred to him as a controlling partner, but Bayrock says he was an executive, not a partner.

Sater's criminal past was not well-known until publicly divulged in 2007. As he sought investment opportunities in Russia, he carried business cards identifying him as a senior adviser to the Trump Organization that included the company's email and phone number.

In February, Sater introduced a Ukrainian politician pushing a pro-Russian peace proposal to Michael Cohen, Trump's personal lawyer and former chief counsel at the Trump Organization, [Cohen told NBC News](http://www.nbcnews.com/news/us-news/trump-lawyer-confirms-meeting-ukrainian-denies-carrying-peace-plan-n723386) (<http://www.nbcnews.com/news/us-news/trump-lawyer-confirms-meeting-ukrainian-denies-carrying-peace-plan-n723386>).

Sater, 51, did not respond to multiple emails sent to his company or to calls seeking comment. He wrote on his company website that he made some bad decisions in the past but that he had paid his debt to society and helped the government with "numerous issues of national security, including thwarting terrorist attacks against our country." His website was dark last week, displaying the message, "Maintenance mode is on."

One source of financing recruited by Bayrock for the SoHo project was Alexander Mashkevich, according to a deposition by former Bayrock partner Kriss in a federal lawsuit. A Bayrock investment pamphlet lists Mashkevich as a source of financing for the Bayrock Group. Mashkevich, a Kazakhstan mining billionaire, was accused in Belgium in 2011 in a \$55 million money-laundering scheme. Mashkevich and two partners paid a fine and admitted no wrongdoing.

Federal indictments in New York, California and Illinois allege that people who bought Trump condos include felons and others accused of laundering money for Russian, Ukrainian or central Asian criminal organizations.

One indictment describes Anatoly Golubchik and Michael Sall, who own condos in Trump International Beach Resort in Sunny Isles Beach, Fla., and Vadim Trincher, who owns a unit in Trump Tower in Manhattan, as members of a Russian-American organized crime group that ran an illegal gambling and money-laundering operation.

Money laundering was an issue for Trump's Taj Mahal Casino in Atlantic City, which was fined \$10 million in 2015 for failing to report suspicious transactions. Federal rules are designed to protect the U.S. financial system from being used as a safe haven for dirty money and transnational crimes, Jennifer Shasky Calvery, then-director of the U.S. Treasury's Financial Crimes Enforcement Network (FinCen), said at the time. It was the largest penalty the agency ever levied against a casino since reporting requirements began in 2003, according to *The Wall Street Journal*.

"The Trump Organization admitted that it failed to implement and maintain an effective (anti-money laundering) program; failed to report suspicious transactions; failed to properly file required currency transaction reports; and failed to keep appropriate records as required by (the Bank Secrecy Act)," FinCen said in a statement.

The statement said warnings over repeated violations went back to 2003, but it did not mention Russians.

In Los Angeles, the federal lawsuit filed in 2014 by lawyers for the Kazakh city of Almaty accuses former mayor Viktor Krapunov of owning three Trump SoHo units through shell companies used to hide hundreds of millions of dollars allegedly looted by selling state-owned assets. Kazakhstan is a former Soviet republic.

The Trump SoHo project "was largely financed by illegally obtained cash from Russia and Eastern European sources, including money provided by known international financial criminals and organized crime racketeers," former prosecutor McCallion wrote on his blog in October. McCallion was an assistant U.S. attorney in New York from the mid-1970s to the mid-1980s under presidents Carter and Reagan.

Sallie Hofmeister, a public relations adviser to Bayrock, said the company "flatly denies that any of its properties were financed using illegal money, and sees no evidence to the contrary provided by Mr. McCallion or anyone else."

The Manafort connection



A view of the Trump SoHo hotel condominium building, on Feb. 21, 2017 in New York City. The development of Trump SoHo, completed in 2010, was constructed in partnership with the Bayrock Group. (Photo: Drew Angerer, Getty Images)

McCallion, as a private lawyer, also represented former Ukrainian prime minister Yulia Tymoshenko in a 2011 lawsuit alleging that Paul Manafort, Trump's former campaign manager, engaged in a racketeering and money-laundering scheme to hide \$3.5 billion in stolen funds, much of it by buying U.S. real estate.

Manafort's co-defendants were Dmitry Firtash, a Ukrainian gas executive under federal indictment for bribery, and Semyon Mogelovich, identified by the Justice Department as head of a transnational criminal organization that posed a threat to U.S. national security. The lawsuit was dismissed in 2015 because Tymoshenko was unable to show the role of each defendant in the alleged money-laundering plot.

Manafort resigned from the Trump campaign in August, days after Ukrainian investigators alleged that secret ledgers showed \$12.8 million was put aside for Manafort by the party of pro-Russian President Viktor Yanukovych, who was ousted in a popular uprising in 2014. More details about the alleged secret payments surfaced March 20.

Manafort, who has acknowledged working for pro-Russian Ukrainian politicians, has denied receiving off-the-books pay and said his compensation covered campaign staff, polling and television ads in Ukraine.

Manafort also allegedly worked for a Russian billionaire to advance Putin's interests a decade ago, the Associated Press reported March 22.

Firtash, a major donor of Yanukovych's party, was indicted in 2013 by U.S. prosecutors in Chicago for allegedly paying officials in India \$18.5 million in bribes for licenses to mine titanium ore. Firtash said he is an innocent victim of American efforts to punish political allies of Putin. His extradition from Austria to the United States was approved in February and then put on hold while an Austrian judge considers a Spanish indictment against him on charges of money laundering and organized crime.

In an interview with USA TODAY, McCallion said he spent years looking into the Trump Organization, the businesses and individuals that dealt with it, and the possibility that Trump's real estate empire may depend on hundreds of millions of dollars from Russians.

"The FBI is always concerned if public officials can be blackmailed," McCallion said. "It's Russian-laundered money from people who operate under the good graces of President Putin. If these people pull the plug on the Trump Organization, it would go down pretty quickly."

Luke Harding, author of *A Very Expensive Poison*, about the 2006 lethal poisoning of defected Russian spy Alexander Litvinenko with radioactive polonium-210 in London, said the lawlessness in former Soviet republics like Russia, Ukraine and Azerbaijan explains why businessmen from those countries seek safe havens to invest their wealth.

"If you steal money in a place like Russia, you have a problem," Harding said. "You need to convert it to rubles and dollars and put it somewhere someone can't steal it from you. One place to do that is buy real estate in New York, Miami or London."

Ariel Cohen, a senior fellow at the Atlantic Council think tank, said not all wealthy Russians are crooks or beholden to Putin. "It's more complicated than that," Cohen said.

"There are oligarchs who are FOPs (friends of Putin) and there are those who lost their assets due to corruption, abuse of power, a crummy legal system and the lack of property rights," he said. "Many of these people moved abroad, to London, New York and Florida. They are refugees from the corporate raiding Russian-style practiced for the last couple of decades."

Some became wealthy before Putin's rise to power "and in some cases are in hidden resentment or quiet opposition to Putin," Cohen said. "A lot of these people run big businesses, banks, retail, oil and gas, and these are legitimate businesses that pay taxes" in Russia.

Here is a closer look at some of the Trump project investors or condo buyers with alleged ties to organized crime and the Russian government:

Felix Sater

Sater spent a year in prison for stabbing a man in the face with a broken margarita glass at the Rio Grande restaurant and bar in New York in 1991.

A federal criminal complaint in New York in 1998 accused Sater of money laundering and stock manipulation but was kept secret by prosecutors because the Russian immigrant was working as a CIA informant, according to numerous published reports. Salvatore Lauria, a co-defendant, co-wrote in a 2003 book that he and Sater sought to reduce their sentences by acting as middlemen for the CIA to buy weapons that fell into the hands of mobsters after the fall of the Soviet Union. The scheme fell apart, but the relationships remained, according Lauria's book, [The Scorpion and the Frog: High Crimes and High Times](https://www.amazon.com/Scorpion-and-the-Frog-High-Crimes-and-High-Times/dp/1893224260) (<https://www.amazon.com/Scorpion-Frog-High-Times-Crimes/dp/1893224260>).

Kriss, a former finance director for the developers, accused Sater, Lauria and Bayrock partners in a 2010 federal lawsuit of diverting millions of dollars to shell companies to avoid U.S. taxes. He also claimed they kept secret Sater's criminal past and his guilty plea to racketeering charges while "he was aiding the prosecution of his Mafia and Russian organized crime confederates."

Kriss alleged that while Bayrock was seeking money from foreign investors for Trump SoHo, it considered two groups of Russians with offices in Iceland. One group offered better terms, but Bayrock rejected that and went with the FL Group, which provided \$50 million in financing and was "in favor with Putin," according to the original complaint. The lawsuit (<https://docs.justia.com/cases/federal/district-courts/new-york/nysdce/1:2010cv03959/362805/439>) is still pending, but without that allegation.

Sater and his co-defendants denied the allegations, calling Kriss' lawsuit a long-running extortion scheme. But many of the racketeering and fraud claims against them survived a motion to dismiss the lawsuit, according to a Dec. 2 order signed by U.S. District Judge Lorna Schofield (<https://docs.justia.com/cases/federal/district-courts/new-york/nysdce/1:2010cv03959/362805/439>).

Sater's criminal past came to light in 2007. That year, Trump testified in a deposition in a defamation lawsuit that he didn't think Sater was a principal at Bayrock and that he was considering not doing business with him anymore. But Sater subsequently traveled to Russia carrying business cards identifying him as a senior adviser to Trump with a Trump Organization phone number and email address, according to photos of the card posted online by NBC, the BBC and other news organizations. In 2013, Trump said in another deposition that he didn't think Sater was connected to the Mafia, that Sater mostly dealt "with my company, not me" and that "if he was sitting in the room right now I really wouldn't know what he looked like."

Sater told *The Washington Post* last year that he met one-on-one numerous times with Trump. He met alongside Donald Trump Jr. in Phoenix with local officials, and in New York he met repeatedly with Trump and his staff to talk about potential deals in Los Angeles, Ukraine and China, the *Post* reported (https://www.washingtonpost.com/politics/former-mafia-linked-figure-describes-association-with-trump/2016/05/17/cec6c2c6-16d3-11e6-aa55-670cabef46e0_story.html?utm_term=.888c4a3d4fae).

Trump's lawyer, in interviews with *The New York Times* and the *Post*, downplayed the relationship between the two men, saying Trump met and spoke with lots of people but his relationship was with Bayrock, not Sater. Sater did not respond to calls and emails sent to his office.

Alexander Mashkevich

Mashkevich, a Kazakh mining billionaire, was another source of funds for the SoHo project, according Kriss' lawsuit. Bayrock's investment pamphlet describes him in general as a source of Bayrock financing.

Investigators in Belgium accused Mashkevich and two of his Kazakh business partners of money laundering and forgery connected to the \$55 million in alleged bribes they received from a Belgian company in the mid-1990s, according to the *Financial Times* (<https://www.ft.com/content/95f8ecc4-c8dd-11e0-a2c8-00144feabdc0>). In 2011, all three men agreed to pay an undisclosed fine to settle the case. They admitted no wrongdoing, and the charges were dropped.

Mashkevich and principal Bayrock partner Tevfik Arif were embroiled in a case in 2010, when Turkish police alleged prostitution and human trafficking after they raided a luxury yacht that Mashkevich chartered. After police boarded the Savarona — once owned by the founder of the modern Turkish state, Mustafa Kemal Atatürk — they arrested 10 wealthy men, including Arif, a former Kazakh official. They also found nine young women from Russia and Ukraine — two were 16 years old — and “a huge amount of contraceptives,” according to the [Israeli newspaper Yedioth Achronoth](http://www.ynetnews.com/articles/0_7340_L-4048812_00.html) (http://www.ynetnews.com/articles/0_7340_L-4048812_00.html).

Mashkevich, who was not at the scene, and Arif denied being involved in anything illegal. The women stayed silent about their involvement, according to published reports. Mashkevich was not charged with a crime. Arif was charged but acquitted, and the court file was sealed.

Peter Kiritchenko

Kiritchenko, a Ukrainian businessman who owned two condominiums with his daughter at Trump International Beach Resort in Sunny Isles Beach, Fla., was named in a money-laundering scheme involving former Ukraine prime minister Pavlo Lazarenko.

According to federal prosecutors (<https://archives.fbi.gov/archives/sanfrancisco/press-releases/2009/sf111909a.htm>) in San Francisco in 2009, Kiritchenko helped Lazarenko launder millions of dollars obtained through extortion by purchasing luxury real estate in the United States and other countries. Kiritchenko was convicted of one count of receiving stolen property in California after he testified against the former prime minister. Lazarenko was sentenced to eight years in federal prison and fined \$9 million after he was convicted on multiple counts of money laundering.

A federal appeals court (<http://caselaw.findlaw.com/us-9th-circuit/1546625.html>) said Kiritchenko was a “deep and willing” accomplice “in the heart of the conspiracy.”

Viktor Khrapunov

Khrapunov, a former Kazakhstan energy minister and mayor of Almaty, owns three units in the Trump SoHo through shell companies, according to lawyers for the Kazakh city who filed a 2014 federal lawsuit against him in Los Angeles. Almaty’s lawyers alleged in the lawsuit that Khrapunov used real estate in California, New York, Europe and the Middle East to hide hundreds of millions of dollars looted by selling state-owned assets. Khrapunov, who lives in Switzerland, denies the claim, saying he and his family are being targeted by a political opponent, Kazakh President Nursultan Nazarbayev.

Anatoly Golubchik, Vadim Trincher and Michael Sall

Three Trump condo owners — Golubchik, Trincher and Sall — were convicted in 2013 in federal court in New York of participating in an illegal high-stakes sports betting ring for a Russian-American organized crime group. The betting ring operated illegal gambling websites and catered almost exclusively to wealthy oligarchs from the former Soviet Union, according to [prosecutors](https://www.justice.gov/usao-sdny/pr/four-more-defendants-plead-guilty-manhattan-federal-court-their-roles-two-international) (<https://www.justice.gov/usao-sdny/pr/four-more-defendants-plead-guilty-manhattan-federal-court-their-roles-two-international>).

Golubchik and Sall own Trump condos in Sunny Isles Beach. And professional poker player Trincher owns a condo in Trump Tower in New York City.

Golubchik and Trincher were principal leaders of the enterprise, which included money laundering and extortion, prosecutors charged in [the indictment](https://www.justice.gov/sites/default/files/usao-sdny/legacy/2015/03/25/Tokhtakhounov%2C%20Alimzhan%20et%20al.%20Indictment_6.pdf) (https://www.justice.gov/sites/default/files/usao-sdny/legacy/2015/03/25/Tokhtakhounov%2C%20Alimzhan%20et%20al.%20Indictment_6.pdf).

The godfather of the operation was identified as Alimzhan Tokhtakhounov, who federal prosecutors said was a *Vor*, “a powerful figure in former Soviet Union organized crime” who never left Russia because he was under indictment in the U.S. for his role in allegedly bribing officials at the 2002 Winter Olympics in Salt Lake City.

Sall helped launder tens of millions of dollars from the gambling enterprise, prosecutors said when they [announced that all three condo owners pleaded guilty to lesser charges](https://www.justice.gov/usao-sdny/pr/four-more-defendants-plead-guilty-manhattan-federal-court-their-roles-two-international) (<https://www.justice.gov/usao-sdny/pr/four-more-defendants-plead-guilty-manhattan-federal-court-their-roles-two-international>). Sall pleaded guilty to interstate travel in aid of an unlawful activity — illegal gambling. Golubchik and Trincher pleaded guilty to conspiracy to commit racketeering. Tokhtakhounov remains in Russia, which does not have an extradition treaty with the United States.

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