

# Manafort, former business partner indicted on money laundering, tax charges in connection with special counsel probe

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By [Rosalind S. Helderman](#) and [Matt Zapotosky](#) October 30 at 10:45 AM

***Breaking News: Trump campaign adviser George Papadopoulos pleaded guilty to making a false statement to federal investigators.***

Former Trump campaign chairman Paul Manafort and his longtime business partner Rick Gates have been charged in a 12-count indictment with conspiracy to launder money, making false statements and other charges stemming from probes into possible Russian influence in U.S. political affairs.

The indictment, unsealed Monday, marked the first criminal allegations to come from Special Counsel Robert S. Mueller III's investigation into possible coordination between the Trump campaign and Russia to influence the 2016 election. The two men are expected to make their first court appearance before U.S. Magistrate Judge Deborah A. Robinson at 1:30 p.m.

The charges did not reference the Trump campaign. Instead, they focused on Manafort's and Gates's work advising a Russia-friendly political party in Ukraine.

The special counsel alleged that for nearly a decade, the two men laundered money through scores of U.S. and foreign corporations, partnerships and bank accounts, and gave false statements to the Justice Department and others when asked about their work on behalf of a foreign entity.

All told, more than \$75 million flowed through offshore accounts, the special counsel alleged. Manafort, the special counsel said, laundered more than \$18 million, using his wealth acquired overseas to "enjoy a lavish lifestyle" in the United States, purchasing multi-million dollar properties and paying for home renovation.

Gates did not respond to a request for comment, nor did Jason Maloni, a spokesman for Manafort. Manafort was spotted walking into the FBI's Washington Field Office Monday morning.

In back-to-back tweets, Trump tried to distance his campaign from the charges.

“Sorry, but this is years ago, before Paul Manafort was part of the Trump campaign. But why aren't Crooked Hillary & the Dems the focus????” he wrote.

“....Also, there is NO COLLUSION!” he said in a follow-up tweet.

Washington — especially those in political and media circles — had been anxiously anticipating the charges since CNN reported Friday night that a grand jury had approved the first charges in Mueller's investigation.

Spokespeople for Mueller and the Justice Department declined to comment over the weekend. A Justice Department spokeswoman declined to comment Monday, and a spokesman for the special counsel's office did not return messages seeking comment.

According to the indictment, Manafort and Gates arranged to hire two Washington-based lobbying firms to work on behalf of their Ukrainian clients, arranging meetings with U.S. officials and boosting their public image in the United States.

Prosecutors say, however, that Manafort and Gates arranged for a Brussels-based nonprofit to nominally hire the companies to hide the fact that their work was for Ukrainian government officials and would otherwise require registration under the Foreign Agents Registration Act.

In fact, prosecutors allege, Manafort was communicating directly with then-Ukrainian President Viktor Yanukovich about the effort, promising in 2012 to provide him weekly updates about the effort.

To further obscure Ukrainian involvement in the lobbying effort, prosecutors say payments to the Washington firms were routed through obscure offshore companies. Prosecutors say that when the Department of Justice approached Manafort and Gates in 2016 and 2017 about whether they should have registered as foreign agents for the work, they responded with false and misleading letters, indicating they had not directed the lobbying effort and asserting they did not hold records reflecting their work, even though later searches showed they did, according to the indictment.

Manafort and Gates also were accused of willfully and intentionally trying to hide monies kept in foreign bank accounts — Manafort from 2011 to 2014 and Gates from 2012 to 2014 . And Manafort was accused of filing fraudulent tax returns — stating on tax forms he filed from 2008 to 2014 that he controlled no foreign bank accounts.

The men made tens of millions of dollars for themselves, the special counsel alleged. From 2008 to 2014, according to the indictment, Manafort arranged to wire \$12 million from offshore accounts to pay for personal expenses — including \$5 million

to a home renovation contractor in the Hamptons, more than \$1.3 million to a home entertainment and lighting vendor based in Florida, \$934,000 to an antique rug dealer in Alexandria, and \$849,000 to a men's clothier in New York.

While the men were set to first appear before a magistrate judge — as is normal — the case was assigned to U.S. District Judge Amy Berman Jackson, 63, a 2011 Barack Obama appointee.

Jackson worked as federal prosecutor in the District after graduating from Harvard Law School and specialized in complex criminal and civil trials and appeals at Trout Cacheris. While at the firm, she represented former Democratic congressman William J. Jefferson at his corruption trial, made famous by the \$90,000 in bribe money stuffed into his freezer and a legal battle over the raid of his Washington office.

Jackson contributed \$1,000 to Bill Clinton's 1992 Democratic campaign.

Mueller was appointed in May to oversee the probe of possible coordination between the Trump campaign and Russia, taking over work that the FBI had begun in July 2016. Their interest in Manafort, though, dates back to at least 2014 — long before Mueller was appointed or Manafort was connected to the Trump campaign.

While Mueller's probe has focused on Manafort and former national security adviser Michael Flynn, investigators have shown interest in a broad array of other topics.

Those include meetings the president's son-in-law, Jared Kushner, had with the Russian ambassador and a banker from Moscow in December, and a June 2016 meeting at Trump tower involving the president's son, Donald Jr., and a Russian lawyer. Mueller's team has requested extensive records from the White House, covering areas including the president's private discussions about firing James B. Comey as FBI director and his response to news that Flynn was under investigation, according to two people briefed on the requests.

Mueller is also investigating whether Trump obstructed justice leading up to Comey's firing. His team has been actively presenting records and bringing witnesses before the grand jury in D.C. for the last three months.

Manafort joined the Trump campaign in March 2016, and Trump tapped him to serve as campaign chairman in May of that year. He left in August 2016, but Gates, his business partner and protege, continued to play an important role with the campaign even after Manafort's departure. After the election Gates directed the inauguration plans, including fundraising, under Tom Barrack, Trump's close friend and adviser.

FBI agents working for Mueller raided Manafort's home in Alexandria in late July, armed with a search warrant that allowed them to enter at dawn without warning the occupants. Such an invasive search is only allowed after prosecutors have persuaded a federal judge that they have evidence of a crime and they have reasonable concern that key evidence could be destroyed or withheld.

Prosecutors also warned Manafort they planned to indict him, according to two people familiar with the exchange. People close to Manafort and Gates, though, said the indictment came as a surprise to both.

Though both men knew Mueller had been closely scrutinizing their behavior, they had expected some kind of alert when an indictment was imminent. Even over the weekend, they were telling people close to them that they had received no such notification and did not believe they were the subject of the seal charges.

The tactic might suggest Mueller hoped to use the element of surprise against the two men to potentially stun them into a desire to cooperate against other members of Trump's team.

Flynn's lawyer, Robert Kelner, said late Friday, "we are not commenting tonight." A person familiar with Flynn's defense said he, too, had received no notice of pending indictment.

Wayne Holland, a McEneaney Associates real estate agent who helped Manafort buy the condo in Alexandria, Va., that was raided by the FBI this summer, testified Oct. 20 before the grand jury in Mueller's probe after he and his firm were unsuccessful in an effort to quash subpoenas, Holland said Friday.

Holland declined to discuss his testimony, first reported by Politico, but confirmed that an opinion unsealed Friday denied his and his firm's motion to quash a subpoena by claiming real estate broker records are confidential under Virginia and District laws.

*Devlin Barrett, Carol D. Leonnig, Sari Horwitz, Spencer S. Hsu, Ellen Nakashima, Greg Miller and Adam Entous contributed to this report.*

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