

U.S.

Giuliani Associates Plead Not Guilty in Campaign-Finance Case

Igor Fruman, Lev Parnas lobbied for removal of U.S. ambassador to Ukraine, funneled foreign money to U.S. politicians, prosecutors say



Igor Fruman arrived at federal court Wednesday in New York City. PHOTO: STEPHANIE KEITH/GETTY IMAGES

By Joe Palazzolo

Updated Oct. 23, 2019 1:49 pm ET

Two associates of Rudy Giuliani who aided his efforts to spark investigations in Ukraine that would benefit President Trump politically pleaded not guilty Wednesday to charges tied to an alleged scheme to illegally influence U.S. politicians.

The pleas by Igor Fruman and Lev Parnas in federal district court in Manhattan came as U.S. House committees continued their impeachment inquiry into whether Mr. Trump abused his office for personal gain. Mr. Trump and Mr. Giuliani nudged Ukrainian officials to investigate former Vice President Joe Biden, a Democratic contender in the 2020 presidential election.

Federal prosecutors in Manhattan alleged Messrs. Fruman and Parnas, both Florida businessmen, targeted a U.S. congressman in a lobbying campaign last year aimed at removing the U.S. ambassador in Kyiv. Their push to oust the ambassador stemmed at least in part from a request by



a Ukrainian official or officials, according to prosecutors, and dovetailed with the efforts of Mr. Giuliani.

Lev Parnas, after the arraignment Wednesday. PHOTO: JUSTIN LANE/SHUTTERSTOCK

Mr. Trump removed the ambassador, Marie Yovanovitch, in May after Mr. Giuliani and other Trump allies complained that she was an obstacle to Mr. Giuliani's efforts to persuade Ukrainian officials to investigate Mr. Biden and his son, Hunter. Messrs. Fruman and Parnas, both U.S. citizens born in former Soviet bloc countries, facilitated meetings between Mr. Giuliani and current and former Ukrainian officials.

Federal prosecutors are examining Mr. Giuliani's business dealings in Ukraine, including his finances, The Wall Street Journal reported last week, citing people familiar with the matter. The U.S. attorney's office has also subpoenaed former Texas Republican Rep. Pete Sessions, the unnamed congressman referred to in the indictment, for details about his dealings with Mr. Giuliani and with Messrs. Parnas and Fruman, the Journal reported. Neither Mr. Sessions nor Mr. Giuliani have been accused of wrongdoing.

Messrs. Fruman and Parnas also face allegations that they obscured the source of a \$325,000 donation to a super PAC formed to support Mr. Trump and conspired to funnel foreign money to politicians who could help them with a recreational-marijuana business.

Wearing matching American-flag lapel pins, Messrs. Fruman and Parnas sat in the Manhattan courtroom Wednesday separated by their lawyers. They each posted bond of \$1 million, secured by cash and property, surrendered their passports and were placed on GPS monitoring in Florida, where they live. As a condition of their bail, Messrs. Parnas and Fruman were forbidden from speaking with one another outside the presence of their lawyers.

After they entered their pleas, Mr. Parnas's lawyer, Edward MacMahon Jr., said some of the communications seized by federal prosecutors could be subject to attorney-client privilege or even protected by a claim of executive privilege by Mr. Trump. It wasn't clear how Mr. Parnas

would be protected under the president's power to withhold communications within the executive branch.

U.S. District Judge J. Paul Oetken asked whether Mr. MacMahon was suggesting Mr. Parnas did work for the president.

Mr. McMahon replied that Mr. Giuliani represented Mr. Parnas and one or several of his companies, while Mr. Parnas worked for Mr. Giuliani, who was in turn was working for the president.

Assistant U.S. Attorney Rebekah Donaleski said the government was using a filter team to prevent attorney-client material from reaching investigators. Prosecutors obtained a "voluminous" amount of evidence from more than a dozen search warrants for electronic devices, and email and social media accounts, she said. They have also obtained records linked to more than 50 bank accounts, she said.

She said prosecutors would hear out defense lawyers about a potential executive-privilege claim.

John Dowd, an attorney for Messrs. Parnas and Fruman in the impeachment inquiry, said in a letter to Congress earlier this month that both men "assisted Mr. Giuliani in connection with his representation of President Trump," and that Mr. Giuliani represented both Messrs. Fruman and Parnas "in connection with their personal and business affairs."

Mr. Giuliani told the Journal he received \$500,000 for providing business advice to one of Mr. Parnas's companies, Fraud Guarantee.

After the hearing, Mr. MacMahon declined to discuss the nature of Mr. Giuliani's work for Mr. Parnas or vice versa. Mr. Fruman and his attorney, Todd Blanche, declined to comment.

Mr. Parnas read a brief statement outside the courthouse.

"Many false statements have been said about me and my family," Mr. Parnas said. "I look forward to defending myself vigorously."

According to prosecutors, Messrs. Fruman and Parnas committed to raising at least \$20,000 in campaign funds for Mr. Sessions, who lost his bid for reelection in 2018. After Mr. Fruman had made the maximum contribution to Mr. Sessions, he made another contribution in Mr. Parnas's name, the indictment alleges.

Two of their business associates, David Correia and Andrey Kukushkin, pleaded not guilty last week to one count of conspiring to violate the ban on foreign donations and contributions in connection with federal and state elections.

The federal indictment alleges that Messrs. Correia, Kukushkin, Parnas and Fruman acted in concert to funnel money from foreign nationals to candidates for federal and state office in the U.S., with the aim of benefiting a planned recreational-marijuana business.

Messrs. Fruman and Parnas gave \$325,000 to the primary pro-Trump super PAC, America First Action, but made the donation in the name of company called Global Energy Producers. They structured that donation to evade federal reporting requirements, prosecutors alleged.

—Rebecca Ballhaus contributed to this article

Write to Joe Palazzolo at joe.palazzolo@wsj.com

Copyright © 2019 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.