

POLITICS

Two Giuliani Associates Who Helped Him on Ukraine Charged With Campaign-Finance Violations

Prosecutors say Lev Parnas and Igor Fruman were part of a conspiracy to funnel foreign money into U.S. elections



President Trump's personal lawyer Rudy Giuliani having coffee with Lev Parnas at the Trump International Hotel in Washington on Sept. 20. PHOTO: ARAM ROSTON/REUTERS

By Aruna Viswanatha, Rebecca Ballhaus, Sadie Gurman and Byron Tau

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WASHINGTON—Two donors to a pro- Trump fundraising committee who helped Rudy Giuliani's efforts to investigate Democrat Joe Biden were arrested late Wednesday on criminal charges stemming from their alleged efforts to funnel foreign money into U.S. elections and influence U.S. politics on behalf of at least one unnamed Ukrainian politician.

In an indictment unsealed Thursday, federal prosecutors in Manhattan alleged Lev Parnas and Igor Fruman were engaged in political activities in the U.S. on behalf of one or more Ukrainian government officials—including a lobbying campaign, targeted at a Republican congressman, to remove the U.S. ambassador in Kyiv. President Trump ordered the ambassador, Marie Yovanovitch, removed from her post in May.

The two men were charged with four counts, including conspiracy, falsification of records and lying to the Federal Election Commission about their political donations, which included a \$325,000 donation through a limited liability company to a super PAC formed to support Mr. Trump, according to the indictment. Geoffrey Berman, the U.S. attorney in Manhattan, said Thursday the investigation was continuing.

Messrs. Parnas and Fruman, both Florida businessmen who are U.S. citizens born in former Soviet republics, made a brief appearance in federal court in Virginia Thursday, dressed in T-shirts. They were arrested at Dulles International Airport on Wednesday while awaiting an international flight with one-way tickets, according to people familiar with the matter.

John Dowd, a former lawyer for Mr. Trump who now represents Messrs. Parnas and Fruman, didn't respond to a request for comment. Mr. Dowd has previously told Congress that the two men were assisting Mr. Giuliani "in connection with his representation of President Trump."

Messrs. Parnas and Fruman have assisted Mr. Giuliani's effort to investigate Mr. Biden's son that is now at the center of an impeachment inquiry being conducted by House Democrats.

"I don't know those gentlemen," Mr. Trump said Thursday when asked about the new charges, adding he hadn't discussed them with Mr. Giuliani, a former New York City mayor who is serving as Mr. Trump's private lawyer.

However, Messrs. Parnas and Fruman had dinner with Mr. Trump at the White House in early May 2018, shortly before they donated to the pro-Trump super PAC, according to since-deleted Facebook posts captured in a report published by the Organized Crime and Corruption Reporting Project, a nonprofit U.S.-based media organization.

Mr. Trump also said he hoped Mr. Giuliani wouldn't be indicted.

Mr. Giuliani said Thursday that Messrs. Parnas and Fruman were headed to Vienna, Austria, on Wednesday evening for reasons related to their business. He said the two men had also left the country about two weeks ago and had traveled to Vienna between three and six times in the last two months. He said he had been scheduled to meet with the two when they were to return to Washington within days.

A law firm run by Joe DiGenova and Victoria Toensing, two lawyers close to the president, hired Mr. Parnas in July to serve as an interpreter related to their representation of Dmitry Firtash, a Ukrainian oligarch, who was detained in Vienna in 2014 on corruption charges filed in the U.S. Mr. Parnas wasn't set to travel to Vienna on Wednesday in connection to that case, Mr. DiGenova said.

A federal prosecutor told a judge the government remains concerned that the men might flee. Attorneys on both sides said they would reach an agreement about the conditions of their bail and would return to the judge soon.

Their political giving—aimed at Republicans—was funded in part by an unnamed Russian donor, the indictment alleges. Federal law bans foreigners from contributing to U.S. elections. A limited liability company created by the men was used to disguise the source of some of the money, the indictment alleges.

Since late 2018, Messrs. Fruman and Parnas have introduced Mr. Giuliani to several current and former senior Ukrainian prosecutors to discuss the Biden case, acting as key conduits of information. In July, Mr. Parnas accompanied Mr. Giuliani to a breakfast meeting with Kurt Volker, then the U.S. special representative for Ukraine negotiations. During that breakfast, Mr. Giuliani mentioned the investigations he was pursuing into Mr. Biden and 2016 election interference, according to Mr. Volker's testimony to House committees.

The two had lunch with Mr. Giuliani at the Trump International Hotel in Washington on Wednesday, according to a person who was in the hotel and saw the three together.

Separately, hours after the indictment became public, three Democratic-controlled House committees leading the impeachment probe of Mr. Trump issued subpoenas to Messrs. Parnas and Fruman for documents. An attorney for the two men had said in an Oct. 8 letter to the committee that it would take time to gather documents and that the two wouldn't be available for depositions originally scheduled for this week.

While the two men assisted Mr. Giuliani in investigating Mr. Biden and his son Hunter, they also solicited money from Ukrainians while touting their connections to Washington, according to people familiar with their activities in Ukraine.

Mr. Giuliani identified the two men in May as his clients. On Thursday, he said he wasn't representing them in this case. Mr. Giuliani said Thursday morning he hadn't been contacted by federal prosecutors in Manhattan. Jay Sekulow, a lawyer for Mr. Trump, said: "Neither the president nor the campaign nor political-action committees were aware of these transactions."

Messrs. Parnas and Fruman had almost no history of political giving before March 2018, when they both began to spend lavishly on politics, according to the indictment, although Mr. Parnas had contributed about \$100,000 to Mr. Trump's initial campaign in late October 2016, FEC records show.

Prosecutors outlined a scheme by which the two men Messrs. Parnas and Fruman made donations aimed at concealing the source of the funds.



This Facebook screen shot provided by the Campaign Legal Center shows President Trump with Lev Parnas at the White House on May 1, 2018. PHOTO: THE CAMPAIGN LEGAL CENTER/ASSOCIATED PRESS

The indictment alleges that Messrs. Parnas and Fruman conspired with two other men also named as defendants—David Correia, Mr. Parnas’s longtime business partner and No. 2, and Andrey Kukushkin—to make political donations funded by a foreign national to federal and state candidates “to gain influence with candidates as to policies that would benefit a future business venture”—a recreational marijuana business. Mr. Kukushkin was arrested on Wednesday in San Francisco but Mr. Correia hasn’t been apprehended, officials said.

In May 2018, the men separately gave \$325,000 to the primary pro-Trump super PAC, America First Action, through the LLC Global Energy Producers, according to the indictment and FEC records. The way they structured that donation was meant “to evade the reporting requirements” in federal law, prosecutors alleged. The indictment also alleges that Mr. Fruman intentionally misspelled his name to further evade FEC scrutiny.

Attorney General William Barr discussed the case on Thursday with federal prosecutors in Manhattan, where he was making a previously scheduled visit. A Justice Department official said Mr. Barr was supportive of their work on the case, on which he was first briefed shortly after being confirmed as attorney general in February. He was aware on Wednesday night that the pair would be charged and taken into custody last night, the official said.

Besides dining at the White House in May 2018, the men also met later that month with the president’s son, Donald Trump Jr. , at a fundraising breakfast in Beverly Hills, Calif., along with Tommy Hicks Jr. , a close friend of the younger Mr. Trump who at the time was heading America First Action. Mr. Parnas posted a photo of their breakfast four days after his LLC donated to the super PAC.

A spokeswoman for America First Action said the super PAC had placed the contribution in a



This Facebook screen shot provided by the Campaign Legal Center shows, from left, Donald Trump, Jr., Tommy Hicks, Jr., Lev Parnas and Igor Fruman, posted on May 21, 2018. PHOTO: THE CAMPAIGN LEGAL CENTER/ASSOCIATED PRESS

segregated bank account after a complaint was filed in July 2018 with the FEC. The donation “has not been used for any purpose, and the funds will remain in this segregated account until these matters are resolved,” the spokeswoman said. “We take our legal obligations seriously and scrupulously comply with the law and any suggestion otherwise is false.”

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The indictment refers to a congressman, identifiable as former Rep. Pete Sessions of Texas, whose assistance Mr. Parnas sought in “causing the U.S. government to remove or recall the then-U.S. Ambassador to Ukraine.” The indictment alleges those efforts were conducted “at least in part, at the request of one or more Ukrainian government officials.” In a statement, Mr. Sessions denied wrongdoing and said he had been

approached by Messrs. Parnas and Fruman for a meeting about “the strategic need for Ukraine to become energy independent.”

In May 2018, Mr. Sessions, a Republican, sent a letter to Secretary of State Mike Pompeo asking the removal of Ms. Yovanovitch, saying he had been told the ambassador was displaying a bias against the president in private conversations.

Mr. Trump moved to oust Ms. Yovanovitch this spring after Mr. Giuliani told him that she was undermining him abroad and hindering efforts to investigate Mr. Biden. She hasn’t responded to requests for comment, and House committees are seeking her testimony.

The indictment also says Messrs. Parnas and Fruman met in July 2018 in Las Vegas to hatch plans to start a recreational marijuana business in Nevada that would be funded by the unnamed

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Duncan on Nov. 1, 2018. Both men lost to Democrats. Representatives for Messrs. Laxalt and Duncan said Thursday that they didn't know Mr. Fruman and had no idea the donations were made unlawfully.

—*Julie Bykowicz and Natalie Andrews contributed to this article.*

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Russian national. Their plan was to contribute as much as \$2 million to politicians in Nevada, New York and other states with the goal of acquiring marijuana licenses, the indictment says. When they missed the deadline to apply for a license in Nevada, they made additional contributions to candidates there to try to get their business greenlighted.

Messrs. Parnas and Fruman and their business partner, Mr.

Kukushkin, attended an Oct. 20, 2018, rally in Nevada, according to the indictment. That day, Mr. Trump held a rally in Elko, Nevada, to urge support for Republican gubernatorial candidate Adam Laxalt.

Nevada state fundraising records show Mr. Fruman gave \$10,000 to Mr. Laxalt and Republican attorney-general candidate Wesley

