

## **MLB teams' involvement with Cuban players under Justice Department scrutiny; Federal agents investigating whether team employees have participated in or had knowledge of immigration fraud.**

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**Byline:** Will Hobson;Teri Thompson;Christian Red

### **Body**

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A Justice Department investigation into Major League Baseball's operations in Latin America and the trafficking of Cuban players has expanded in recent months, with former league and team officials among those contacted by FBI agents and called to testify before a grand jury, according to people with knowledge of the probe. The wide-ranging inquiry is, in part, seeking to root out suspected involvement of MLB team officials with smugglers who force Cuban players to sign away exorbitant portions of their earnings in exchange for passage off the island.

While MLB officials have blamed the plight of Cuban players on the U.S. embargo on the island nation, some scouts, agents and former federal prosecutors argue that major league rules - which make it more lucrative for Cuban players to defect to other countries first rather than come straight to the United States - fuel corruption across Latin America, and that MLB has long ignored its role in this black market.

"It's always been clear that these guys are basically hostages, until the time that they sign major league contracts and give a sizeable portion of their contracts to the criminals involved in smuggling them out," said Joe Kehoskie, a former player agent. "Everyone stuck their heads in the sand."

The Los Angeles Dodgers, Atlanta Braves and San Diego Padres have received subpoenas seeking records relating to scouting and signing of players from Latin America, and the Washington Nationals voluntarily turned over documents to federal agents, including emails and financial records. Those who have testified to a federal grand jury in D.C. or have spoken to federal agents, according to people with knowledge of the investigation, include a former MLB official, a former Dodgers front office staffer, a former Dodgers player from Cuba, two veteran scouts who worked for the Dodgers and Braves, a sports agent who has represented Cuban players, and three employees of a player development camp in the Dominican Republic.

Among baseball's scouting community, rumors have circulated for years of certain teams or scouts with connections on the ground in Cuba, or inside smuggling organizations, providing an illicit advantage. This is at least the third major federal investigation focused on the trafficking of Cuban players in recent years and, to this point, none has yielded criminal charges against anyone employed by an MLB team. But the current probe, reports of which first surfaced last fall, demonstrates the Justice Department's sustained interest in whether MLB officials and team employees are aware of, or involved in, illegal activities.

A review of documents in an earlier prosecution and interviews with more than a dozen people who have spoken with federal investigators offer insight into the government's specific interests. People with knowledge of the investigation say it is being overseen by prosecutors at the Justice Department's D.C. headquarters who specialize

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in the Foreign Corrupt Practices Act, signifying interest in whether MLB team employees have been involved in bribing foreign government officials. Agents in the Los Angeles and Miami offices are contributing to the investigation, and are pursuing possible crimes including human trafficking, money laundering and visa fraud, according to people with knowledge of the probe, most of whom spoke on condition of anonymity.

In a statement, the Dodgers said the club has "cooperated fully with the government's inquiry and will continue to do so." The Braves, Padres and Nationals all declined to comment, as did the Justice Department.

Since the early 2000s, amid a surge of Cuban baseball players fleeing the island, stories have circulated of their harrowing journeys to freedom. Cuban players and their families have been kidnapped, held at gunpoint, threatened with torture, falsely jailed by corrupt police officers, and have endured other traumas at the hands of smugglers demanding money.

This latest investigation dates from at least early 2017, when Nick Francona - a former front-office staffer with the Dodgers and Mets and son of Cleveland Indians Manager Terry Francona - said he gave hundreds of pages of internal records from his time with the Dodgers to an FBI agent. The records, reviewed by The Washington Post, show Francona and his colleagues suspected some of the team's scouts conspired with "buscones" - often ruthless street agents in Latin America who represent young players - to steal some of the club's money intended for players.

The current probe follows a sprawling federal investigation based out of Miami that resulted in the 2017 conviction of Cuban sports agent Bart Hernandez and an alleged accomplice for crimes relating to the smuggling of players. That trial offered evidence that provided an unprecedented window into the corruption surrounding Cuban players, with witnesses describing bribery and fraud schemes involving immigration officials in Mexico, the Dominican Republic and Haiti.

In interviews with The Post, two retired federal prosecutors who oversaw previous investigations accused MLB of ignoring obvious signs of the corruption they believe the league's rules incite across Latin America. Under rules collectively bargained between the league and the MLB Players Association, a Cuban who defects to the United States has to enter the MLB draft, where salaries are suppressed, while a Cuban who defects elsewhere is declared a free agent and can sign with the highest bidder.

"MLB's own rules and regulations . . . encourage the smuggler and fraudsters to go through the charade," said Patrick Sullivan, a retired former assistant U.S. Attorney who oversaw the 2017 prosecution of Hernandez and trainer Julio Estrada.

"There's a lot of willful ignorance going on. It's obvious American baseball knew what was going on . . . It really is a stupid rule," said Ben Daniel, a retired former assistant U.S. Attorney who led the 2007 prosecution of former agent Gus Dominguez.

Dan Halem, MLB deputy commissioner and the league's chief legal officer, said this criticism is misguided.

"The reason that Cuban players are being smuggled out of Cuba is because they can't voluntarily leave," Halem said.

U.S.-Cuba relations, after moving toward normalization under the Obama administration, have soured under the Trump administration, which recently scuttled a deal MLB negotiated with the Cuban Baseball Federation intended to reduce trafficking of players.

In 2014, MLB tried to change the rule criticized by former federal prosecutors, Halem said, but the union refused to agree to new terms. The MLBPA declined an interview request or to answer any questions for this story.

Before the early 2000s, federal law enforcement largely ignored crimes occurring in connection with how Cuban baseball players made their way to America. The embargo was intended to punish Fidel Castro, a baseball fan who

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took it as a personal affront when his country's best players defected, so targeting the people who helped Cuban players get here made little sense, as a matter of U.S. policy.

That changed after the Sept. 11, 2001, attacks, as federal law enforcement cracked down on illegal immigration. Around this same time, violent drug gangs in Latin America, attracted by a flood of MLB money, became increasingly involved in smuggling Cubans.

Inspired by the path taken by Jose Contreras - a Cuban pitcher who defected not to the United States, but to Nicaragua, and then signed a \$32 million contract with the Yankees - these criminal organizations worked with boatmen, or "lancheros," who plucked players off the island and routed them through countries where they could quickly buy residency with bribes, and then declare free agency.

Among baseball scouts and agents, the suddenly routine occurrence of Cuban players successfully navigating, in a matter of a few weeks, the normally years-long path to residency in other countries raised questions about whether MLB teams were essentially subsidizing organized crime in Latin America. Veteran Cuban outfielder Yasiel Puig's 2012 defection, according to published reports by ESPN and Los Angeles Magazine, was overseen by smugglers connected to Los Zetas, the Mexican criminal syndicate, who bribed immigration officials to get Puig residency in Mexico within 15 days of his arrival.

In the mid-2000s, federal law enforcement agencies started taking intense interest in the smuggling of Cuban players. Under code names Operation Boys of Summer, Operation Safety Squeeze and Operation Sisyphus, agents with the FBI and Department of Homeland Security worked a series of investigations aimed, in part, at determining whether MLB team employees were doing business with human smugglers.

In 2016, one of those investigations led to the indictments of Bart Hernandez, a Cuban native and sports agent based in Florida, and Julio Estrada, a trainer of Cuban players. Their trial introduced evidence showing the rampant fraud around Cubans entering the major leagues, and raised questions about whether team and league officials ignored obvious red flags noticed years later by federal agents.

In Mexico, according to courtroom testimony, Hernandez partnered with gangsters nicknamed "Nacho" and "Tony Montana." One player's wife testified that, when her husband absconded for a few days, Montana called her and said that if her husband didn't return, they would send him back to her in a box, "chopped in pieces."

A Mexican woman who acted as an accomplice for Hernandez testified that she and her associates bribed Mexican immigration officials with amounts in the range of \$6,000 per player for residency papers that included fraudulent home addresses and fabricated places of employment. Hernandez and his accomplices later routed their players through the Dominican Republic, until a mix-up involving Yoenis Cespedes, the slugging outfielder whose nickname in Cuba had been "La Potencia," meaning "The Power."

According to the testimony of Ed Dominguez, a former MLB employee in the league's investigations office, after Cespedes arrived in the Dominican Republic in 2011, his agent mistakenly attempted to bribe the wrong Dominican immigration official. The immigration official who was supposed to receive a bribe, out of anger, reported Cespedes's agent to Dominican law enforcement, according to Dominguez, and the ensuing investigation caused problems for months for all Cuban players trying to get residency in the Dominican Republic.

As a result, according to testimony of his alleged accomplices, Hernandez started taking his Cuban players across the border to Haiti. There, according to the testimony of one alleged accomplice, players were greeted by Amin LaTouf, a "fixer" who helped players get residency by giving them fake jobs at a supermarket he owned and then working with contacts in the Haitian government. (LaTouf, who was indicted along with Hernandez and Estrada, evaded extradition from Haiti and remains a fugitive.)

Hernandez, who was sentenced to nearly four years in prison, is appealing his conviction. His attorneys declined to comment.

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The Hernandez trial also produced evidence and testimony that could be interpreted as showing officials with the Texas Rangers and New York Yankees involved in schemes to get Cubans to the United States.

One of the prosecution's key witnesses was Eliezer Lazo Jr., the son and business partner of the former ringleader of a human smuggling organization who worked with Hernandez. Lazo Jr. - when asked about Leonys Martin, a Cuban outfielder who signed with the Rangers in 2011 - testified that his father had told him, after talking to Hernandez, that Rangers officials had approved of a plan to arrange for the player to enter the United States illegally by crossing at the Mexico border.

"The Texas Rangers reject any suggestion of inappropriate conduct," attorney Gregory Saikin, the club's outside counsel, wrote in a statement, "and give no credibility to self-serving and uncorroborated hearsay by an admitted human trafficker, relaying what his convicted felon father allegedly told him that another convicted felon said that 'the team' said."

A document introduced as evidence also cited the Yankees as encouraging a Cuban player to defect, a potential violation of the U.S. embargo. The State Department document summarized an August 2012 interview in Port-au-Prince, Haiti, between a U.S. consulate official and a Cuban pitcher, Omar Luis, who had fled his native country a few months before.

"Was directly recruited from Cuba by the Yankees," the State Department official wrote. When asked about how he got residency in Haiti, the report said the player replied, "The Yankees contacted a Haitian functionary who make it all happen."

The Yankees declined to comment. Luis, who is out of baseball and lives in Miami, did not respond to a request to comment.

In an interview, Sullivan, the prosecutor who oversaw the case, wondered why MLB failed to take action on the signs of the fraud these Cuban players and their smugglers were committing in other countries. The residency documents these players quickly obtained in Mexico, the Dominican Republic and Haiti - some listing jobs such as jet ski operator, mechanic, and apartment complex supervisor - all flowed through the league office, Sullivan noted, each time Hernandez asked MLB officials to declare a new client of his a free agent.

"To us, it appeared sort of obvious," Sullivan said.

MLB has for years conducted lengthy, extensive age and identity investigations of free agents in Latin America, sometimes resorting to DNA tests. But Halem, MLB's legal officer, said investigating the residency documents Cuban players obtain in other countries is not under the league's purview.

Halem said it is the State Department's job to vet Cuban players applying for work visas, and pointed out State officials approved the applications of many of the players who, according to courtroom testimony, fraudulently obtained residency via Hernandez and associates.

"All of these players received visas from the U.S. consulates either in the Dominican Republic, Haiti, or Mexico," Halem said, "and, if anyone, consular officials are experts in determining whether residency acquired in the countries in which the consulates are operating are legitimate or not. Right?"

In a statement, the State Department declined to address the instances of fraud unearthed in the Hernandez trial, and said it "takes all allegations of fraud seriously."

A few weeks after the Hernandez trial ended, an FBI agent in Los Angeles received a LinkedIn message from Nick Francona, who believes he reignited federal law enforcement's interest in the league's dealings in Latin America.

A former U.S. Marine who served in Afghanistan, Francona had a turbulent career in baseball after he left the military, with brief stints in the front offices of the Dodgers and Mets. In 2016, after the Dodgers fired Francona, he accused the club of discriminating against him as a veteran, which the Dodgers denied. In 2017, Francona was

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fired by the Mets, he claimed, because he was publicly criticizing MLB for not detailing where it spent money raised through the sales of military-themed apparel. In a statement addressing Francona's departure, the Mets did not disclose a reason.

The documents Francona turned over to the FBI include dozens of emails he and his Dodgers colleagues exchanged in 2014 and 2015, in the first months of new team president Andrew Friedman's regime. In many of the emails, it is apparent that Francona and his colleagues suspected their scouts in Latin America were skimming from bonuses meant for players.

For several months, the emails show, Francona and others discussed a plan to dismiss these scouts. They didn't rush the process, Francona said in a recent interview, partly out of concern the departures would interfere with a series of pending signings.

Francona acknowledged he neither witnessed any Dodgers officials committing any crimes, nor did he have any direct evidence of any crimes.

While several Dodgers front office employees were involved in the exchanges, the records don't indicate if Dodgers president Friedman was aware of the suspicions. The Dodgers did not conduct an internal investigation of the scouts, the records show, nor did the club alert the league office or law enforcement. In the summer of 2015, the Dodgers parted ways with the scouts, by releasing them from their contracts or failing to renew their contracts.

"The suggestion that the team should have notified law enforcement, or MLB, or any other team, about rumors and unsubstantiated suspicions regarding any former employee is simply wrong," Dodgers outside counsel David Schindler said in a statement.

Among the documents Francona provided the FBI was a series of emails discussing Hector Olivera, then a well-regarded 29-year-old infielder from Cuba the Dodgers signed in 2015, and harassment he was receiving from the smugglers who helped him defect. Olivera, who declined to comment, has testified to the grand jury in D.C., according to two people with knowledge of the investigation.

In a June 2015 email, a Dodgers interpreter updated Francona and others on Olivera's progress assimilating into life in America.

"Olivera seems more comfortable both on and off the field," the interpreter wrote. "Based on telephone conversations I've overheard, he has been able to make all his payments to the people who helped him defect from Cuba. He still has one more payment to go, but he seems relieved and is receiving fewer calls from people harassing him for money they are owed."

According to people with knowledge of the investigation, federal authorities are interested in whether Dodgers scouts in Latin America engaged in illicit business dealings with the smugglers who brought Olivera from Cuba to Haiti, where he obtained residency in 2015. Before he signed with the Dodgers, Olivera was also the subject of a recruiting battle between two agents that resulted in a grievance filed with the players' union that, according to sources with knowledge of the investigation, produced documents federal authorities are examining.

Olivera was ultimately a bust. The Dodgers traded him to the Braves in 2015, and after he was arrested for assaulting a woman in Arlington, Va., during a series against the Nationals - he was later convicted and sentenced to 90 days in jail - the Braves traded him to the Padres, who released him in 2016.

While Olivera did play for the other two teams that have been subpoenaed as part of the investigation, federal authorities are interested in the Braves and Padres for other reasons, according to people who have been interviewed by FBI agents and prosecutors.

People familiar with the Braves organization say federal authorities have interest in the series of events that led to former general manager John Coppolella's lifetime ban in 2017 for a raft of rules violations regarding the signing of international players.

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Coppolella declined an interview request through his lawyer, Jacksonville criminal defense attorney Hank Coxe.

The precise nature of federal authorities' interest in the Padres is also unclear. San Diego General Manager A.J. Preller has been punished twice by MLB - once for violating international signing rules with the Rangers, and in 2016 he was suspended for sending incomplete medical records for Padres players to trade partners - and the Padres have also been punished as an organization for breaking international scouting rules, under Preller's watch.

In interviews with The Post, current and former scouts portrayed Latin America as treacherous territory, where scouts are under intense pressure to sign prospects, and bribes and kickbacks between scouts and buscones are common, and viewed by some in the industry as a cost of doing business.

One scout who testified before the grand jury expressed fear that personnel at his level would end up taking the fall for the actions of top club executives.

John Meringolo, a New York-based federal criminal defense attorney who has consulted with lawyers involved with the investigation, said federal prosecutors clearly have ambitious goals.

"Based upon the scope and breadth of the investigation, I think some of the GMs and others should start retaining counsel," Meringolo said.

[will.hobson@washpost.com](mailto:will.hobson@washpost.com)

## Classification

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