



THE UNITED STATES ATTORNEY'S OFFICE  
SOUTHERN DISTRICT *of* NEW YORK

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**Department of Justice**

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Thursday, October 10, 2019

**Lev Parnas And Igor Fruman Charged With Conspiring To Violate Straw And Foreign Donor Bans**

*Defendants Orchestrated Scheme to Advance Their Business Interests and the Political Interests of At Least One Ukrainian Government Official Through Contributions and Donations to Multiple Candidates and Campaign Committees in Violation of Campaign Finance Laws; Two Others Charged in Foreign Donor Scheme*

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, and William F. Sweeney Jr., the Assistant Director in Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced that LEV PARNAS, IGOR FRUMAN, DAVID CORREIA and ANDREY KUKUSHKIN were charged in a four-count indictment alleging that each of the defendants conspired to violate the ban on foreign donations and contributions in connection with federal and state elections. In addition, PARNAS and FRUMAN were charged with conspiring to make contributions in connection with federal elections in the names of others, and with making false statements to and falsifying records to obstruct the administration of a matter within the jurisdiction of the Federal Election Commission ("FEC"). PARNAS and FRUMAN were arrested yesterday evening at Washington Dulles International Airport and will be presented at 2:00 p.m. this afternoon before U.S. Magistrate Judge Michael S. Nachmanoff in the Eastern District of Virginia. KUKUSHKIN was arrested yesterday in California and will be presented at 10:30 a.m. Pacific Time before U.S. Magistrate Judge Jacqueline Scott Corley in the Northern District of California. CORREIA remains at large. The case is assigned to U.S. District Judge J. Paul Oetken in the Southern District of New York.

U.S. Attorney Geoffrey S. Berman said: "As alleged in the Indictment, the defendants broke the law to gain political influence while avoiding disclosure of who was actually making the donations and where the money was coming from. They sought political influence not only to advance their own financial interests but to advance the political interests of at least one foreign official – a Ukrainian government official who sought the dismissal of the U.S. ambassador to Ukraine. Protecting the integrity of our elections – and protecting our elections from unlawful foreign influence – are core functions of our campaign finance laws. And as this Office has made clear, we will not hesitate to investigate and prosecute those who engage in criminal conduct that draws into question the integrity of our political process."

FBI Assistant Director William F. Sweeney Jr. said: "Campaign finance laws exist for a reason. The American people expect and deserve an election process that hasn't been corrupted by the influence of

foreign interests, and the public has the right to know the true source of campaign contributions. These allegations aren't about some technicality, a civil violation, or an error on a form. This investigation is about corrupt behavior and deliberate law breaking. The FBI takes the obligation to tackle corruption seriously – there are no exceptions to this rule.”

According to the Indictment[1] unsealed today in Manhattan federal court:

Through its election laws, Congress prohibits foreign nationals from making contributions, donations, and certain expenditures in connection with federal, state, and local elections. The election laws also prohibit individuals from using straw donors to make legal contributions in their own names, rather than in the name of the true source of the funds. The purpose of these laws is to prevent the electoral system from illegal foreign influence, and to further inform candidates, their campaign committees, federal regulators and the public of the true sources of contributions. In or about 2018, the defendants violated these laws by, among other things, agreeing to facilitate foreign donations to federal and state candidates, and agreeing to make straw donations to federal candidates in an effort to conceal true sources of the funds.

### *The Straw Donor Scheme*

In or about March 2018, PARNAS and FRUMAN began attending political fundraising events in connection with federal elections and making substantial contributions to candidates, joint fundraising committees, and independent expenditure committees with the purpose of enhancing their influence in political circles and gaining access to politicians. PARNAS and FRUMAN, who had no significant prior history of political donations, sought to advance their personal financial interests and the political interests of at least one Ukrainian government official with whom they were working.

In or about May 2018, to obtain access to exclusive political events and gain influence with politicians, PARNAS and FRUMAN made a \$325,000 contribution to an independent expenditure committee (“Committee-1”) and a \$15,000 contribution to a second independent expenditure committee (“Committee-2”). Despite the fact that the FEC forms for these contributions required PARNAS and FRUMAN to disclose the true donor of the funds, they falsely reported that the contributions came from Global Energy Producers (“GEP”), a purported liquefied natural gas (“LNG”) import-export business that was incorporated by FRUMAN and PARNAS around the time the contributions were made. In truth and in fact, the donations to Committee-1 and Committee-2 did not come from GEP funds. Rather, the donations came from a private lending transaction between FRUMAN and third parties, and never passed through a GEP account. PARNAS and FRUMAN deliberately made the contributions in GEP’s name in order to evade federal reporting requirements and to conceal that they were the true source of the contributions, including so as to hide from creditors the fact that they had access to funding. When media reports about the GEP contributions first surfaced, an individual working with PARNAS remarked, “[t]his is what happens when you become visible . . . the buzzards descend,” to which PARNAS responded, “[t]hat’s why we need to stay under the radar. . . .”

Among other donations alleged to have been made in furtherance of the scheme, in or about May and June 2018, PARNAS and FRUMAN committed to raise \$20,000 or more for a then-sitting U.S. Congressman (“Congressman-1”). At and around the same time PARNAS and FRUMAN committed to raising those funds for Congressman-1, PARNAS met with Congressman-1 and sought Congressman-1’s assistance in causing the U.S. Government to remove or recall the then-U.S. Ambassador to Ukraine (the “Ambassador”). PARNAS’s efforts to remove the Ambassador were conducted, at least in part, at the request of one or more Ukrainian government officials. Moreover, in an effort to reach their contribution commitment to Congressman-1 and further their political goals, in or about June 2018, after FRUMAN had already made a maximum \$2,700 contribution to Congressman-1, FRUMAN paid for another maximum \$2,700 contribution to Congressman-1 that was made and reported in PARNAS’s name.

In response to a complaint filed with the FEC regarding the \$325,000 contribution to Committee-1, and to further conceal the true source of the funds used to make certain of their donations, in or about October 2018, PARNAS and FRUMAN submitted sworn affidavits to the FEC that contained false statements, including that the contribution to Committee-1 “was made with GEP funds for GEP purposes” and that “GEP is a real business enterprise funded with substantial bona fide capital investment; its major purpose is energy trading, not political activity.”

*The Foreign Donor Scheme*

Beginning in or around July 2018, PARNAS, FRUMAN, CORREIA, and KUKUSHKIN made plans to form a recreational marijuana business (the “Business Venture”) that would be funded by Foreign National-1, a Russian national, and required gaining access to retail marijuana licenses in particular states, including Nevada (the “Business Venture”). To further the Business Venture, PARNAS, FRUMAN, CORREIA, and KUKUSHKIN planned to use Foreign National-1 as a source of funding for donations and contributions to state and federal candidates and politicians in Nevada, New York, and other states to facilitate acquisitions of retail marijuana licenses.

In or about September and October 2018, CORREIA drafted a table of political donations and contributions, which was subsequently circulated to the defendants and Foreign National-1. The table described a “multi-state license strategy” to make between \$1million and \$2 million in political contributions to federal and state political committees. The table also included a “funding” schedule of two \$500,000 transfers. Foreign National-1 then arranged for two \$500,000 wires on or about September 18, 2018, and October 16, 2018, to be sent from overseas accounts to a U.S. corporate bank account controlled by FRUMAN and another individual.

PARNAS, FRUMAN, CORREIA, and KUKUSHKIN then used those funds transferred by Foreign National-1, in part, to attempt to gain influence and the appearance of influence with politicians and candidates. For example, on or about October 20, 2018, PARNAS, FRUMAN, and KUKUSHKIN attended a campaign rally for a candidate for a statewide office in Nevada (“Candidate-1”), at which a different Nevada state candidate was present (“Candidate-2”). Following that event, on or about November 1, 2018, a donation in the amount of \$10,000 was made to Candidate-2 in FRUMAN’s name, but it was funded with funds from Foreign National-1. On or about November 1, 2018, a donation in the amount of \$10,000 was made to Candidate-1 in FRUMAN’s name, but it was funded with funds from Foreign National-1. On or about November 4, 2018, PARNAS asked KUKUSHKIN to arrange for additional funding from Foreign National-1 to make an additional donation to Candidate-1, to which KUKUSHKIN responded that the \$1 million Foreign National-1 had already provided to GEP was “in order to cover all the donations whatsoever.” Further communications confirm the defendants’ use of foreign funds – and, in particular, funds from Foreign National-1 – to make the donations described above. For example, on or about October 30, 2018, Foreign National-1 wrote to PARNAS, FRUMAN, and KUKUSHKIN that he had “fulfilled all my obligations completely,” including “500 [for] Nevada” in order to “work on obtaining licenses [in] these states.” KUKUSHKIN similarly noted in response that “Money transferred by [Foreign National-1] to [GEP] was to support the very specific people & states (per [FRUMAN’s] table) in order to obtain green light for licensing.”

Although PARNAS, FRUMAN, CORREIA, and Foreign National-1 continued to meet into the spring of 2019, the Business Venture did not come to fruition.

\* \* \*

PARNAS, 47, FRUMAN, 53, CORREIA, 44, all Florida residents, and KUKUSHKIN, 46, a California resident, are each charged with one count of conspiring to violate the ban on foreign donations and contributions in connection with federal and state elections, which carries a maximum sentence of five years in prison. PARNAS and FRUMAN are also each charged with one count of conspiring to make contributions in connection with federal elections in the names of others, which carries a maximum sentence of five years in

prison; one count of making false statements, which carries a maximum sentence of five years in prison; and one count of falsifying records to obstruct the administration of a matter within the jurisdiction of the FEC, which carries a maximum sentence of 20 years in prison.

The statutory maximum and mandatory penalties are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendants would be determined by the judge.

Mr. Berman praised the outstanding investigative work of the FBI.

This case is being handled by the Office's Public Corruption Unit. Assistant U.S. Attorneys Rebekah Donaleski and Nicolas Roos are in charge of the prosecution.

The charges contained in the Indictment are merely accusations. The defendants are presumed innocent unless and until proven guilty.

[1] As the introductory phrase signifies, the entirety of the text of the Indictment, and the description of the Indictment set forth herein, constitute only allegations, and every fact described therein should be treated as an allegation.

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**Attachment(s):**

[Download U.S. v. Lev Parnas et al Indictment](#)

**Topic(s):**

Financial Fraud

**Component(s):**

[USAO - New York, Southern](#)

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