

# Michael Avenatti accused of trying to extort Nike for up to \$25M, feds say

Michael Avenatti, the former attorney for adult-film star Stormy Daniels, was accused Monday by federal prosecutors in New York of operating “an old-fashioned shakedown” by trying to extort between \$15 and \$25 million from sports apparel giant Nike, part of a string of bombshell claims against the celebrity lawyer.

Avenatti, who briefly considered a bid for the 2020 Democratic presidential nomination, also was charged with wire fraud and bank fraud in a separate case out of California. He was taken into custody at a law firm where he had gone to meet with Nike executives. The 48-year-old appeared Monday evening in Manhattan federal court, where a magistrate judge ordered his release on \$300,000 bond. He did not enter a plea.

Outside the courthouse, Avenatti thanked federal agents for their “professionalism and courtesy” before predicting that he would be cleared of the charges.

“As all of you know,” Avenatti told reporters, “for the entirety of my career, I have fought against the powerful; powerful people and powerful corporations. I will never stop fighting that good fight. I am highly confident that when all of the evidence is laid bare in connection with these cases, when it is all known, when due process occurs, that I will be fully exonerated and justice will be done.”

Prosecutors said Avenatti tried to extort Nike “by threatening to use his ability to garner publicity to inflict substantial financial and reputational harm on the company if his demands were not met.”

A suspected co-conspirator working alongside Avenatti was identified Monday afternoon by The Associated Press and The Wall Street Journal as Mark Geragos, who has represented celebrities including Michael Jackson and — more recently — “Empire” star Jussie Smollett. Geragos also was a CNN contributor.

“As alleged, Michael Avenatti approached Nike last week with a list of financial demands in exchange for covering up allegations of misconduct on behalf of the company,” FBI Assistant Director in Charge William Sweeney Jr. said in a statement. “The lofty price tag included a \$1.5 million payoff for Avenatti’s client and upwards of tens of millions of dollars for the legal services of his firm – services Nike never requested. This is nothing more than a straightforward case of extortion”

The counts against Avenatti in the New York case are extortion, transmission of interstate communications with intent to extort, conspiracy to transmit interstate communications with intent to extort, and conspiracy to commit extortion..

### **MICHAEL AVENATTI CUTS TIES WITH STORMY DANIELS**

At a news conference Monday, Manhattan U.S. Attorney Geoffrey S. Berman said Avenatti used illegal tactics and threats in an effort to obtain millions of dollars for himself. He claimed that if Nike did not meet his demands, “the company might die.”

“Our system of justice requires and relies on attorneys, members of the bar, to not simply follow the law, but uphold its finest principles and ideals,” Berman told reporters. “But when lawyers use their law licenses as weapons, as a guise to extort payments for themselves, they are no longer acting as attorneys. They are acting as criminals, and they will be held responsible for their conduct.”

According to the New York complaint against him, Avenatti and the co-conspirator met with attorneys for Nike on March 19 and “threatened to release damaging information” if the company did not agree to make multi-million dollar payments to them, as well as an additional \$1.5-million payment to a client Avenatti claimed to represent.

He allegedly told the attorneys that if his demands were not met, he would “go take ten billion dollars off your client’s market cap ... I’m not f—ing around.”

The complaint said Avenatti threatened to hold a news conference on the eve of Nike’s quarterly earnings call and the start of the NCAA tournament to announce allegations of misconduct by Nike employees.

“Nike will not be extorted or hide information that is relevant to a government

investigation,” the company said in a statement obtained by Fox News. “Nike has been cooperating with the government’s investigation into NCAA basketball for over a year. When Nike became aware of this matter, Nike immediately reported it to federal prosecutors. When Mr. Avenatti attempted to extort Nike over this matter, Nike with the assistance of outside counsel at Boies Schiller Flexner, aided the investigation.



Mark Geragos, left, is seen in this March 2015 photo representing R&B singer Chris Brown at a court hearing in Los Angeles. (Reuters)

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“Nike firmly believes in ethical and fair play, both in business and sports, and will continue to assist the prosecutors.”

### **JUSSIE SMOLLETT IS VICTIM OF ‘MEDIA GANGBANG,’ DEFENSE ATTORNEY MARK GERAGOS SAYS**

The law office of Geragos & Geragos told Fox News that “our office has no comment” on the allegations. A spokeswoman for CNN, for whom Mark Geragos had contributed legal analysis, told the Washington Examiner that Mark Geragos was no longer a contributor at the cable network.

Meanwhile, the alleged client was identified as a coach for an amateur athletic union men’s basketball program based in California.

Earlier Monday, Avenatti tweeted he would be holding a news conference

Tuesday to “disclose a major high school/college basketball scandal perpetrated by @Nike that we have uncovered. This criminal conduct reaches the highest levels of Nike and involves some of the biggest names in college basketball.”



*Michael Avenatti@MichaelAvenatti*

*Tmrw at 11 am ET, we will be holding a press conference to disclose a major high school/college basketball scandal perpetrated by @Nike that we have uncovered. This criminal conduct reaches the highest levels of Nike and involves some of the biggest names in college basketball.*

Meanwhile, at a separate news conference in California, federal investigators announced additional criminal charges against the lawyer for a separate matter. In that case, Avenatti was accused of embezzling a client’s settlement money to pay his own expenses and debts — as well as those of his coffee business and law firm.

U.S. Attorney Nick Hanna said Avenatti was charged with wire fraud and tax fraud stemming from a two-year IRS tax investigation after he allegedly obtained \$4.1 million in loans for his law firm and coffee business from a Mississippi bank by using phony tax returns stating that he had made \$4,562,881 in 2011, \$5,423,099 in 2012, and \$4,082,803 in 2013. Avenatti also stated that he had paid more than \$1 million in estimated taxes to the IRS in 2012 and 2013 when, according to prosecutors, he actually owed the IRS \$850,438 plus interest and penalties for the years 2009 and 2010. In addition, authorities say, Avenatti paid no personal income taxes for 2011, 2012 and 2013 and paid no estimated taxes in 2012 and 2013.

“[Avenatti] is a corrupt lawyer who instead fights for his own selfish interest,” Hanna said, adding that the allegations against the attorney “paint an ugly picture of lawlessness and greed.”

Avenatti became famous as the lawyer for Daniels, the adult-film actress who alleged she had an affair with President Trump in 2006 while his wife Melania was pregnant with the couple’s son, Barron. In the last year, Daniels and Avenatti became household names in their fight against Trump, dominating cable news shows for months and taunting the president in interviews.

[View image on Twitter](#)

Knowing what I know now about Michael Avenatti, I am saddened but not shocked by news reports that he has been criminally charged today. I made the decision more than a month ago to terminate Michael's services after discovering that he had dealt with me extremely dishonestly and there will be more announcements to come. I ask that the media respect my decision to withhold further public comment regarding Mr. Avenatti at this time.



*Stormy Daniels@StormyDaniels*

*My statement regarding my former attorney Mr. Avenatti..*

Daniels released a statement Monday saying she was not “shocked” by the charges against Avenatti.

“Knowing what I know now about Michael Avenatti, I am saddened but not shocked by news reports that he has been criminally charged today,” Daniels said. “I made the decision more than a month ago to terminate Michael’s services after discovering that he had dealt with me extremely dishonestly and there will be more announcements to come.”

Charles Harder, who represented President Trump in the Daniels case, told Fox News that Avenatti’s arrest marked “a great day for the American justice system.”

Before Avenatti started representing Daniels in February 2018, he was virtually unknown outside of the California legal community. However, in a matter of months, he had become known as a no-holds-barred lawyer with a media style — and a penchant for tweeting — similar to Trump’s.

On Monday, Berman emphatically denied that politics played any role in the case, noting that investigators “received the call six days ago by the victim saying that three was extortionist threats made against them and that’s how we became involved in this case.

A senior Justice Department official told Fox News that while the California investigation into Avenatti had been going on for “a long time,” the Nike case in New York “came out of nowhere” and progressed “very quickly.”

“We could have arrested him last week,” the official told Fox News, adding that officials wanted the charges in both cases unsealed at the same time and wanted to ensure that Avenatti’s arrest went smoothly.

Both cases against Avenatti were overseen by the office of Deputy Attorney General Rod Rosenstein. Justice Department officials tell Fox News that Principal Associate Deputy Attorney General Ed O’Callaghan, Rosenstein’s right-hand man, was involved in “significant coordination” on the Avenatti matter over the weekend while also playing a part in Attorney General William Barr’s letter to Congress summarizing the findings of Special Counsel Robert Mueller’s investigation. The officials added that Barr was also aware of the Avenatti case as it developed.

Avenatti briefly mulled a 2020 presidential run as a Democrat — he even visited Iowa at one point — but ultimately ruled that out. He also was involved in another high-profile case, representing dozens of parents whose children were separated from them at the U.S. border as a result of the Trump administration’s immigration policies. More recently, he’s been representing women who said they were sexually abused by R&B star R. Kelly.

In the California case, Avenatti faces up to 50 years in prison, while in the New York case, the charges carry a potential penalty of 47 years in prison.

*Fox News’ Jake Gibson, Lee Ross, Marta Dhanis and The Associated Press contributed to this report.*

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