



# Avenatti Collared for Extortion, Embezzlement, Bank and Wire Fraud

If “one lawyer with a briefcase can steal more than a hundred men with guns,” as Don Corleone said, then Michael Avenatti was, federal authorities allege, a man the Godfather would want to hire.

Except that Avenatti got caught.

The peripatetic porn lawyer, erstwhile presidential candidate, and bloviating loudmouth was arrested twice on the same day on charges of extortion, embezzlement, and bank and wire fraud.



The extortion allegation stems from a scheme, [feds in New York allege](#), to bilk Nike out of millions in exchange for not smearing the company publicly. The fraud charges, [feds in California allege](#), stem from scamming a client and defrauding a bank with phony tax returns.

Avenatti became a household name when [he falsely accused](#) U.S. Supreme Court Justice Brett Kavanaugh of gang rape and promised to take down Donald Trump in 2020.

## Extorting Nike

[Federal prosecutors in New York allege](#) that Avenatti and a co-conspirator attempted to extort more than \$20 million from Nike. Avenatti threatened to hit Nike with damaging allegations at a news conference, but said he wouldn't hold the news conference if Nike paid \$1.5 million to a client “in possession of information damaging to Nike,” and “agreed to ‘retain’ Avenatti and [his co-conspirator] to conduct an ‘internal investigation’ — an investigation that Nike did not request — for which Avenatti and [his co-conspirator] demanded to be paid, at a minimum, between \$15 and \$25 million.”

Or, Avenatti told Nike, the company could pay \$22.5 million to settle his client's claims and “additionally to buy Avenatti's silence.”

Avenatti first met with representatives of Nike on March 19 in New York. Avenatti, [prosecutors allege](#), told Nike reps that his client was the “coach of an amateur youth travel basketball team sponsored by Nike.” That team, Avenatti claimed, “recently lost its sponsorship with Nike, one worth approximately \$72,000 a year,” and the coach “had information that Nike employees had been engaged in illicit payments to the families of high school student athletes.”

Thus, the threat to smear Nike at a news conference. He “made clear that he had approached Nike now because he knew that the annual NCAA tournament — an event of significance to Nike and its brand — was about to begin, and further because he was aware that Nike's quarterly earnings call was scheduled for March 21, 2019, thus maximizing the potential financial and reputational damage his press conference could cause to Nike.”

Then came the porn lawyer's big mistake. He called the company on March 20 and repeated his threats. But the FBI was listening. Said Avenatti, “I'll go and I'll go take ten billion dollars off your client's



Written by [R. Cort Kirkwood](#) on March 28, 2019

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market cap. But I'm not f\*\*\*ing around." Avenatti "made clear that his demands included ... he be paid more than \$9 million."

The feds directed Nike's people to meet with Avenatti again. They did, on March 21, and Avenatti demanded an immediate \$12 million retainer, "with a minimum guarantee of \$15 million in billings and a maximum fee of \$25 million." When Nike's attorney told Avenatti that the attorney had never received that kind of money, Avenatti asked whether the attorney ever "held the balls of the client in your hand where you could take five to six billion dollars market cap off of them?"

Avenatti threatened to wreck the company publicly during that meeting, and then again on March 25, [on Twitter](#), his go-to smear device. His Twitter account is now [set to "protected."](#)

[The New York Times reported](#) that the feds arrested Avenatti at about the same time he tweeted this threat.

### **California Charges**

Though federal gumshoes collared the Twitter-happy lawyer in New York, they arrested him simultaneously on allegations of embezzlement and bank and wire fraud.

"He embezzled a client's money in order to pay his own expenses and debts — as well as those of his coffee business and law firm — and also defrauded a bank by using phony tax returns to obtain millions of dollars in loans," [prosecutors allege](#).

Prosecutors allege that Avenatti negotiated a \$1.6-million settlement for a client to be paid on January 10, 2018. But Avenatti "gave the client a bogus settlement agreement with a false payment date of March 10, 2018. ... Avenatti misappropriated his client's settlement money and used it to pay expenses for his coffee business.... When the fake March 2018 deadline passed and the client asked where the money was, Avenatti continued to conceal that the payment had already been received."

Beyond that, the [feds allege](#), Avenatti defrauded a bank in Mississippi by giving it three phony tax returns to get \$4.1 million in loans for his law firm and coffee business. Avenatti "never filed any such returns with the Internal Revenue Service."

Avenatti, the feds allege, also "also claimed he paid \$1.6 million in estimated tax payments to the IRS in 2012 and paid \$1.25 million in 2013. In reality, Avenatti never filed personal income tax returns for 2011, 2012 and 2013 and did not make any estimated tax payments in 2012 and 2013."

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