

Today we announce criminal extortion charges against Michael Avenatti.

The charges are based on Avenatti's scheme to extract more than \$20 million in payments from a public Company by threatening to use his ability to garner publicity to inflict financial and reputational harm on the Company.

Avenatti's conduct had nothing to do with zealous advocacy for a client or any other kind of legitimate legal work. Instead, Avenatti used illegal and extortionate threats for the purpose of obtaining millions of dollars in payments for himself.

Avenatti repeatedly pressured the Company to agree to pay, or risk having Avenatti hold a press conference that he claimed would dramatically drive down the stock price of the Company and its market value.

As Avenatti threatened in one recorded meeting, if the Company did not meet his demands, the Company might die, but if not, it was quote "going to incur cut after cut after cut after cut."

As alleged, the entire scheme played out in less than a week. Avenatti first met with representatives of the Company last Tuesday, March 19, in Manhattan.

At that meeting, Avenatti said he represented a client who coached an amateur high school basketball team sponsored by the Company, which is Nike. The team had recently lost that contract, worth \$72,000 a year and, Avenatti claimed, the coach had information about potential misconduct by employees at Nike.

The allegations of misconduct were similar in kind to those that formed the core of a prior criminal prosecution brought by our Office – that payments were made to families of high school basketball players.

In that meeting – and in subsequent conversations that were recorded as part of our investigation – Avenatti threatened to hold a press conference at which he would make these allegations public if the Company did not agree to his financial demands.

Avenatti promised to forego the press conference and allow the Company to avoid financial harm if the Company agreed to pay his client \$1.5 million and, for Avenatti himself, to retain Avenatti and another co-conspirator to conduct a multimillion-dollar internal investigation – an internal investigation that the Company never requested.

Avenatti made clear that he was approaching the Company at a time intended to maximize the potential financial damage of such a press conference, namely on the eve of the annual NCAA tournament and the Company's quarterly earnings call.

As Avenatti threatened on one call recorded during the investigation, if the Company did not accede to his financial demands, then, in his words: Quote "I'll go take \$10 billion off your client's market cap."

In a recorded meeting the next day with representatives of the Company, Avenatti made clear that he expected to be paid up to \$25 million, with \$12 million to be paid upfront and deemed "earned when paid."

And when asked by a lawyer for the Company why the Company would agree to such an arrangement, Avenatti responded, in substance, that he had the company in a very vulnerable position where he could wipe out five to six billion dollars in its market capital.

When the Company’s lawyers resisted paying Avenatti to conduct an internal investigation, Avenatti told the Company it could skip paying for an internal investigation if, instead, it simply paid him \$22.5 million.

Then, Avenatti said, he would quote “ride off into the sunset.”

Pressure and a sense of urgency were used in delivering these threats. As you can see from the timeline, this happened in just three days.

Through this alleged course of conduct, Avenatti used legal terms like “claims” and “settlements” and “retainers” but these were mere devices to provide cover for Avenatti’s extortionate demands for a massive payday for himself.

By engaging in the conduct alleged in the complaint, Avenatti was not acting as an attorney.

A suit and tie doesn’t mask the fact that, at its core, this was an old fashioned shake down.

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The charges announced today reflect the hard work not only of this Office but our law enforcement partners at the Federal Bureau of Investigation.

To my left is William Sweeney, the Assistant Director in Charge of the New York Field Office of the Federal Bureau of Investigations.

I want to thank him and his team for their professionalism in seeing this investigation through.

I want to acknowledge and thank the career prosecutors and agents of my Office for their role in the investigation and prosecution of this case.

To my right, Matthew Podolsky, Robert Boone, and Rob Sobelman, and their supervisors, Russell Capone and Edward Diskant, the Chief and Deputy Chief of the Public Corruption Unit.

The talent, professionalism and dedication of these prosecutors is extraordinary.

Our legal system, our system of justice relies on attorneys – members of the bar – to not simply follow the law but uphold its finest principles and ideals.

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 held responsible for their conduct.

I'd now like to invite Bill Sweeney to the podium.

We'll now take your questions.