

How Michael Cohen, Trump's fixer, built a shadowy business empire

Michael Cohen has often operated in the backwaters of the financial and legal worlds



Donald Trump's lawyer: Michael Cohen has many associates who have faced criminal charges or stiff regulatory penalties. Photograph: Jeenah Moon/New York Times

William Rashbaum

Danny Hakim

Brian Rosenthal

Emily Flitter

Jesse Drucker

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He was a personal-injury lawyer who often worked out of taxi offices scattered around New York City. There was the one above the run-down car-repair garage on West 16th Street in Manhattan, on the edge of the Meatpacking District before it turned trendy. There was the single-storey building with the garish yellow awning in the shadow of the Queensboro Bridge. There was the tan brick place on a scruffy Manhattan side street often choked with double-parked taxis.

And then there was his office on the 26th floor of Trump Tower, overlooking Fifth Avenue, right next to the one belonging to Donald Trump. Before he joined the Trump Organization and became Trump's lawyer and do-

it-all fixer, Michael Cohen was a hard-edge personal-injury attorney and businessman. Now a significant portion of his quarter-century business record is under the microscope of federal prosecutors – posing a potential threat not just to Cohen but also to the president.

Cohen's businesses are private entities, making it difficult to get a full picture of their finances and operations. But a *New York Times* review of thousands of pages of public records, and interviews with bankers, lawyers and businessmen who have interacted with Cohen, reveal the degree to which he has often operated in the backwaters of the financial and legal worlds.

Cohen long held a small stake in his uncle's catering hall, which was frequented by Russian and Italian mobsters

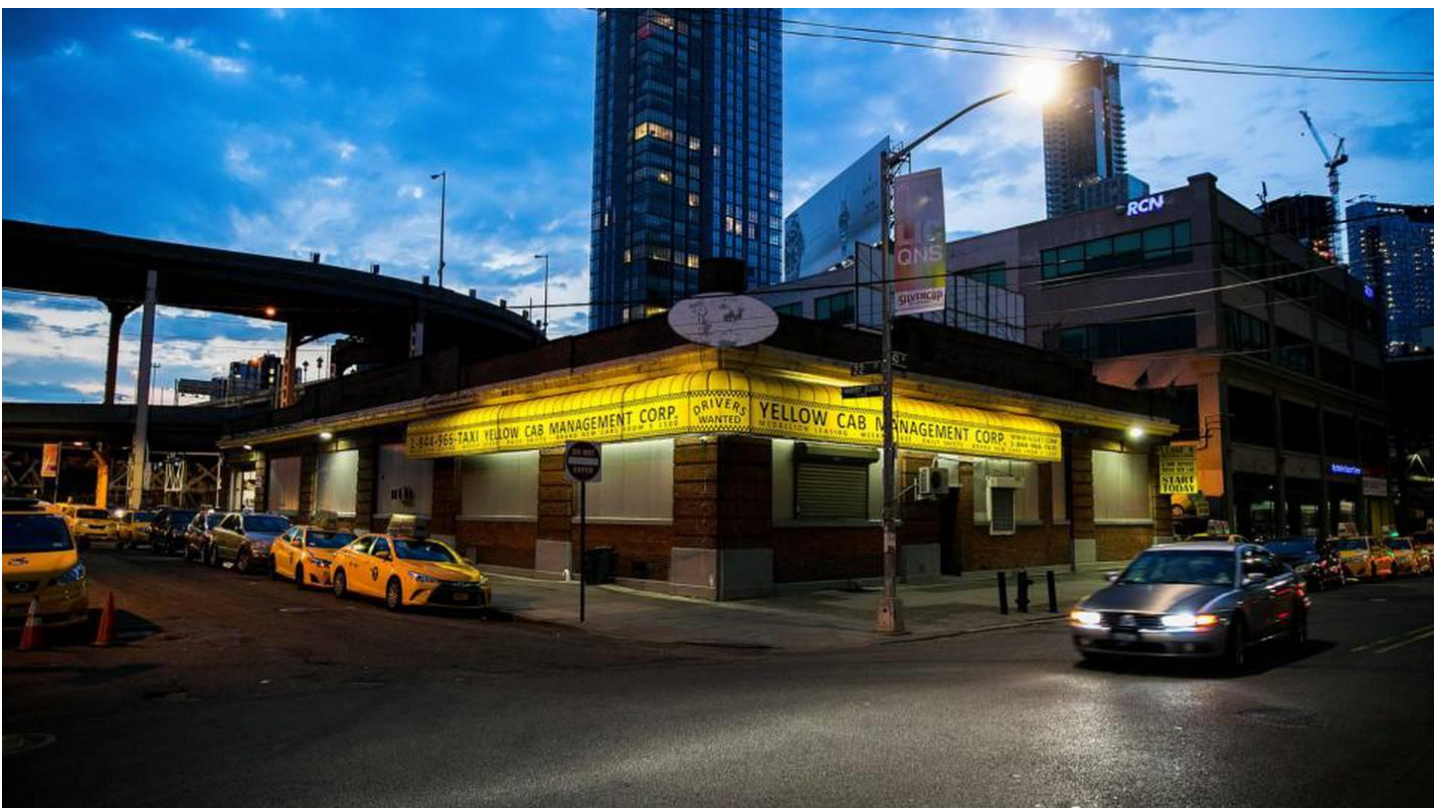
Although he has not been charged with a crime, many of his associates have faced either criminal charges or stiff regulatory penalties. That includes partners in the taxi business, doctors for whom he helped establish medical clinics and lawyers with whom he worked.

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He has spent much of his personal and professional life with immigrants from Russia and Ukraine. His father-in-law, who helped establish him in the taxi business, was born in Ukraine, as was one of Cohen's partners in that industry. Another partner was Russian. And Cohen used his connections in the region when scouting business opportunities for Trump in former Soviet republics.

More recently Cohen and his father-in-law lent more than \$25 million, or €20 million, to a Ukrainian businessman who has a chequered financial record and a history of defaulting on loans. And Cohen long held a small stake in his uncle's catering hall, which was frequented by Russian and Italian mobsters.

In addition to his legal and taxi businesses Cohen has had a seemingly charmed touch as a real-estate investor. On one day in 2014 he sold four buildings in Manhattan for \$32 million, or almost €27 million, entirely in cash. That was nearly three times what he paid for them no more than three years earlier.



Donald Trump's lawyer: Michael Cohen pulled in millions in the taxi business, but even as the industry has buckled, Cohen continued to use his medallions as collateral to borrow money. Photograph: Sam Hodgson/NYT

"This is the type of person you'd see most bankers steer clear of," says Ben Berzin, a retired executive vice-president and senior credit officer at PNC Bank who clashed with Trump in the early 1990s over loans to the future president's troubled Atlantic City casinos. The speed with which Cohen successfully flipped real estate stands out, Berzin said. "You have to ask what's going on."

Robert Mueller, the special counsel investigating Russian interference in the 2016 US presidential election, had already been examining Cohen's conduct as part of his ongoing inquiry. Last month federal agents executed search warrants at Cohen's home, his office and a hotel room where he was staying. The warrants sought documents related to Cohen's business associates, among other things. That investigation, being conducted by the US attorney's office for the southern district of New York, is apparently based on information provided by Mueller's team.

Trump's lawyers are resigned to the strong possibility that the investigation of Cohen's businesses could lead him to co-operate with federal prosecutors. Cohen, after being sent a detailed list of questions about his business interests, responded in a text message: "You need to do real fact checking as your questions are totally inaccurate." Neither he nor his lawyers have offered further comment.

It was Cohen's job to deal with Trump's thorniest problems. But now, whatever problems investigators find in Cohen's own array of businesses could double back on Trump

Trump has said that Cohen was "a good guy" and that federal investigators were "looking at something having to do with his business. I have nothing to do with his business." But the president has long entrusted Cohen to represent him in matters both public and deeply private: real-estate negotiations from California to the Republic of Georgia, and the hush-money payment to an adult-film actor who said she had had an affair with the future president. Or, as Trump put it, "this crazy Stormy Daniels deal".

The \$130,000, or almost €110,000, payment to the actor is in a way emblematic of Cohen's many business dealings. Its provenance is murky, obfuscated by a private agreement, pseudonyms and evolving explanations. Trump said this week that he had paid Cohen a retainer that was used to reimburse the \$130,000, directly contradicting his earlier statements that he knew of no payment to Daniels.

Within the Trump Organization it was Cohen's job to deal with Trump's thorniest problems. But now, whatever problems investigators find in Cohen's own array of businesses could double back on Trump.

Family ties

The son of a Holocaust survivor, Cohen grew up in the Five Towns area of Long Island, just east of the New York City borough of Queens. It was a comfortable life: both his father and an uncle were doctors, and he attended a local private school then called Woodmere Academy.

"My cousins are all either lawyers or doctors," Cohen told the *New York Times* last year. One of those relatives was his uncle Dr Morton Levine. Uncle Morty, as he was known to his family, had no children of his own, and he and Cohen were close. He even let his nephew drive his Bentley. Levine, a family practitioner, provided medical assistance to members of the Lucchese crime family, "which aided their illegal activities", according to a sworn affidavit in 1993 from an FBI special agent. The agent was involved in the investigation of the Lucchese underboss, Anthony "Gaspipe" Casso, who "regarded Levine as someone who would do anything for him", according to the affidavit. That account was buttressed by testimony from a long-time Lucchese associate in an unrelated 2006 federal trial. In 1992 Levine bought Casso's home while Casso was a fugitive. Levine has

acknowledged in court documents that Casso was a patient. But he said he did not know that the house belonged to Casso and denied any wrongdoing.



Donald Trump's lawyer: Michael Cohen said he paid Stephanie Clifford (centre), aka Stormy Daniels, \$130,000. Photograph: Yana Paskova/Getty

Levine also owned El Caribe, a Brooklyn catering hall that for decades was the scene of mob weddings and Christmas parties. Two of New York's most notorious Russian mobsters once maintained offices there. Cohen was among the minority owners of El Caribe, Levine has said, although he added that Cohen gave up his ownership stake after the 2016 election. Levine had crossed paths with Trump years before his nephew went to work for him. The doctor was part of an investment group with some garment executives that unsuccessfully challenged Trump's 1989 bid for the Atlantis Casino in Atlantic City. Levine declined to comment.

Cohen began his professional legal career at a personal-injury firm in 1992, the year after he graduated from Cooley Law School in Michigan. His boss at that first job would later plead guilty to bribery. Cohen's marriage in 1994 gave him an entree to communities of immigrants from the former Soviet Union. His new father-in-law, Fima Shusterman, had emigrated from Ukraine in 1975. By the time of the wedding Shusterman had landed in serious legal trouble. In 1993 he pleaded guilty to evading federal reporting requirements for large cash transactions, admitting that he had cashed \$5.5 million, or €4.6 million, worth of cheques to evade disclosure laws. Shusterman co-operated with prosecutors in a related case and was sentenced to probation.

In the years after his marriage Cohen began doing business with Ukrainian and Russian Jewish immigrants. They hailed from New York, Chicago and Florida, in neighbourhoods like the Brighton Beach section of Brooklyn and parts of Miami like Sunny Isles, known as the Russian Riviera, communities through which a vein of organised crime ran.

It was through his wife's family that Cohen would be introduced to the taxi business, which would ultimately allow him to pull in millions of dollars

In 1999 Cohen would find himself in the middle of a Sunny Isles real-estate deal involving an ice-hockey player and a purported figure from the Russian underworld. Nearly 20 years later the details of the transaction remain unclear, but Cohen received a check for \$350,000, or more than €290,000, from a Russian player for the Montreal Canadiens that was part of a deal involving an apartment in Sunny Isles. The player's agent later testified that the money was intended to go to Vitaly Buslaev. Buslaev, who has been identified by multiple Russian media outlets as a Mafia figure, was a friend of one of Cohen's business partners, according to two people who knew both men.

Cohen said in an interview last year that he did not know Buslaev. He declined to identify the person to whom he sent the \$350,000, saying only that he had honoured the athlete's request. "The money went to where it was directed to go," he said.

Cohen's ventures with business partners from the former Soviet Union continued, including a 2003 investment in a Florida casino boat with several Ukrainian immigrants that failed. After that he helped members of his own family set up an ethanol-production business in Ukraine.

Taxi business

It was through his wife's family that Cohen would be introduced to the taxi business, which would ultimately allow him to pull in millions of dollars. Cohen's father-in-law, Shusterman, initially found work as a taxi driver after arriving in the United States. By 1993 he accumulated nine taxi medallions – the coveted metal placards that permit people to own or operate cabs – then worth roughly \$1.5 million, or €1.25 million.

Shusterman circulated among his fellow taxi operators, trying to help Cohen find work. He introduced his son-in-law to Ilya Palinsky, a long-time fixture in the business. Palinsky said his impression of Cohen was that "he talks a lot, screams, you know. He's a hyper guy."

Not long afterwards Cohen began building his own taxi business, even as he was taking on personal-injury work as a lawyer. He partnered with Symon Garber, another Ukrainian-born businessman, who was borrowing large amounts of money to finance taxi businesses in both Russia and the United States. A lawyer for the two men said in a court filing that he had helped them lay the groundwork for a planned taxi business in Moscow in the mid-1990s, although it never materialised.



Donald Trump's lawyer: Michael Cohen was among the minority owners of El Caribe, a Brooklyn catering hall that for decades was the scene of mob weddings and Christmas parties. Photograph: Jeenah Moon/New York Times

Cohen borrowed from half a dozen banks and credit unions to buy taxi medallions. Then he used the medallions as collateral to borrow more money to buy more medallions, former colleagues said. He quickly amassed 30 medallions, each then worth about \$250,000, or almost €210,000, but racked up millions in debt.

Together the two men managed 260 cabs in the late 1990s and early 2000s, some for other owners. Drivers paid them \$100 a shift. Millions of dollars in cash flowed in. Cohen at some point began carrying a licensed pistol in an ankle holster.

In 2007 Cohen started working for the Trump Organization. Accounts vary of how he met his new boss, but Trump said Cohen appeared on his radar after he began buying up properties in Trump buildings – by then Cohen's office addresses included upmarket Fifth Avenue locations. Cohen has said the job came after he helped resolve a board dispute at one of the Trump buildings where his family owned several units.

Cohen became a roving fixer for Trump. In his first year on the job he and Ivanka Trump kicked the tyres on a potential golf-course development project in Fresno, California. A year later he was named chief operating officer of Affliction Entertainment, a mixed-martial-arts venture Trump had started. Cohen travelled to the former Soviet bloc on Trump's behalf, visiting Georgia in 2010. He even scouted out Iowa for Trump ahead of the 2012 presidential campaign and set up a website called ShouldTrumpRun.org.

Cohen associated himself with the most reckless and greedy players in the industry. They have simultaneously worked to inflate the value of their medallions and rip off their drivers

During Trump's 2016 campaign Cohen pursued plans for a Trump Tower in Moscow with Felix Sater, a Russian immigrant and friend of Cohen, who had worked on other real-estate development deals with Trump and had explored possible ventures in Russia. Trump and Cohen worked with Sater even after his role in a

stock-manipulation scheme involving Mafia figures and Russian criminals was revealed. (Sater pleaded guilty and became an informant for the FBI and intelligence agencies.)

While juggling his Trump duties Cohen turned over management of his cabs to Garber in 2006 and received as much as \$1 million, or €830,000, a year, legal records show. After a falling-out with Garber, Cohen became partners with Evgeny Freidman, known as Gene, an immigrant from St Petersburg in Russia, who had assembled a large taxi fleet.

Both of Cohen's taxi partners had a history of legal run-ins. Each has been made to pay more than \$1 million for overcharging his drivers, according to the New York state attorney general. Former business partners also accused each of them of forging signatures, stiffing lawyers and dodging debt-collection efforts.

Chicago authorities found that Garber and his taxi businesses used 180 unauthorised cars as taxis in that city; he agreed to pay a fine of nearly \$1 million. In 2016 a federal judge found that Freidman had transferred more than \$60 million, or over €50 million, into offshore trusts to avoid paying debts. In April 2017 New York City regulators barred him from continuing to manage medallions. He is awaiting trial in Albany on charges he failed to pay \$5 million, or more than €4 million, in taxes.

Despite the prohibition issued by city regulators, Freidman is still managing Cohen's medallions, both men have said. "Cohen associated himself with the most reckless and greedy players in the industry," said Bhairavi Desai, the executive director of the Taxi Workers Alliance, a group that represents cab drivers. "They have simultaneously worked to inflate the value of their medallions and rip off their drivers."

Patrick J Egan, a lawyer for Freidman, said his client denies all the allegations against him. Freidman, he said, has been the victim of "fabricated claims" by former colleagues and politically motivated prosecutors. Garber did not respond to requests for comment.

Moving money

From 2009 to 2014, by when he was a trusted member of the Trump Organization, ploughed \$5.7 million, or €4.8 million, into 22 Chicago taxi medallions, records show. The investments were ill timed. The ascent of Uber and other ride-hailing services decimated the value of medallions. Since 2014 Cohen's companies have been falling behind on taxes. Overall his taxi businesses in New York and Chicago owe more than \$375,000, or over €310,000, for a variety of tax, insurance and inspection problems, according to records. Fourteen of his 54 cabs were suspended.

But even as the industry has buckled, Cohen has continued to use his medallions as collateral to borrow money. In December 2014, with his medallions worth \$35 million, or €29 million, he took out loans totalling at least \$20 million, or more than €16.5 million, from Sterling National Bank and Melrose Credit Union, according to a banker who reviewed the transactions. (Documents related to both lenders were among the materials sought by federal prosecutors in their search warrants.)

In 2016 Cohen went so far as to dabble in financial engineering. He spoke to investors about pooling distressed loans that financed taxi-medallion purchases, repackaging them and selling them to investors, according to a person with direct knowledge of the discussions. He also explored buying up such loans at a bargain price in anticipation that their value would recover, the person said. The outcome of those discussions was not clear.

The no-fault insurance schemes, which were often masterminded by organised-crime figures from the former Soviet Union, all followed a basic template

The financial manoeuvring has continued even after the federal search warrants were executed. On April 24th Cohen refinanced all 16 of his taxi-company medallion loans. The transactions, with Sterling National Bank,

appeared to extend the due dates on the loans by four years, according to public filings on the refinanced loans. And they added a new, unusual source of collateral: if Cohen were to default, Sterling would have the right to any money Freidman owes Cohen.

Many of Freidman's taxi companies have declared bankruptcy. Asked about the loans, Freidman's lawyer said his client had "no assets" that could be used as collateral. Spokesmen for Sterling and Melrose declined to comment.

It was unclear what Cohen has done with all the money he has borrowed in recent years. But he received some of the funds around the time he and his father-in-law, Shusterman, lent a combined \$26 million, or almost €22 million, to a Ukrainian immigrant and taxi-fleet operator named Semyon Shtayner, real-estate records show.

The transactions were unusual: Shtayner has had nearly \$1.7 million, or €1.4 million, in judgments and liens against him over the years, yet Cohen made large loans backed by collateral that appears to be worth less than the value of the loans. Since 2012 Cohen has lent \$6 million, or €5 million, to Shtayner, whose family owns Chicago Medallion Management Corp, which manages more than 300 cabs in that city – including those owned by Cohen. The only collateral on the loans appears to be the Shtayners' condominium in Sunny Isles, purchased in 2009 for \$2.35 million.

Nevertheless, Cohen and his father-in-law were willing lenders to Shtayner, who recently entered the legal marijuana-cultivation business in Nevada. Since last summer Shusterman has lent \$20 million to Shtayner's wife, Yasya, and two limited-liability companies she controls. "This is a business exchange, that's it," Yasya Shtayner said in a brief phone interview, when questioned about the loans from Cohen. Asked whether she had a lawyer who could speak on her behalf, she said yes. Then she hung up.

Clinics, and questions

After he had built a taxi operation and a personal-injury legal practice, there was another element to Cohen's business dealings, this one involving doctors and companies that operated on the fringes of the medical field. Starting in 2000, Cohen set up a series of companies in New York City. There were two medical practices, an acupuncture office, two medical-billing companies, two management companies and a transportation company. The ventures were noteworthy, in part, because they were created at a time when countless phoney companies were cropping up to exploit no-fault auto-insurance laws in New York and other states. Hundreds of doctors, businesses owners and others would eventually be criminally charged or accused of fraud by insurance companies.

There is no evidence that Cohen or the companies he created were part of such schemes. Nor is there evidence that Cohen did anything other than register the companies with state authorities. The no-fault insurance schemes, which were often masterminded by organised-crime figures from the former Soviet Union, all followed a basic template. Staged or exaggerated car accidents were used to generate a tidal wave of "patients". Transportation companies then took the patients – often low-level criminals – to what in many instances were sham medical clinics, diagnostic testing offices, and acupuncture and physical-therapy offices. Billing companies were created to collect money from insurers, and management companies then siphoned the funds out to the scheme's operators. Some operators were so bold that they sued insurers that had stopped paying after they realised they were being defrauded.



Donald Trump's lawyer: Michael Cohen with friends on Park Avenue in Manhattan last month. After FBI raids, the US department of justice announced it was placing him under criminal investigation. Photograph: Yana Paskova/Getty

Cohen's role, if any, in the operation of the companies he helped set up was unclear. The only people listed in the incorporation papers as having roles in the businesses are the two doctors, Aleksandr Martirosov and Zhanna Kanevsky, who were each affiliated with a medical practice.

But both of those doctors were accused of insurance fraud in connection with different medical practices they operated. Martirosov was arrested and charged with insurance fraud and grand larceny in 2003. A little more than a year earlier Cohen had registered Avex Medical Care in Martirosov's name. In 2005 Kanevsky was indicted on state racketeering charges, the result of a lengthy wiretap investigation into phoney accidents and medical claims. Cohen had registered Life Quality Medical Care on Kanevsky's behalf in April 2002. Kanevsky pleaded guilty to scheming to defraud in the second degree. A man who answered two phone numbers listed in her name said "no comment" and hung up. The charges against Martirosov were dropped. He did not respond to calls for comment or a message left at his home. The same year he was arrested, Martirosov was named in a civil racketeering lawsuit brought by the insurance company Allstate, in connection with his work for another medical business. The suit accused dozens of doctors and business owners of trying to defraud insurers. Martirosov denied wrongdoing.

Avex Medical Care continued to operate after Martirosov's arrest. The company later sued insurers at a frenetic pace that averaged almost one lawsuit a week from 2003 to 2008. The suits targeted insurers that had balked at paying for treatments for accident victims.

In the late 1990s and early 2000s Cohen's personal-injury practice filed hundreds of lawsuits largely stemming from auto accidents. For part of that time a bustling bullpen of clerks and paralegals worked the phones at his Long Island City office. They sought settlements with insurers and churned out suits on behalf of clients, many of whom were referred to clinics that were later caught up in no-fault insurance fraud investigations.

One of the personal injury lawsuits Cohen filed was in connection to a 1999 auto accident in the Sheepshead Bay neighbourhood of Brooklyn. Both his client and the defendant were later indicted on insurance-fraud charges related to the accident, *Rolling Stone* recently reported. The lawsuit filed by Cohen was dropped.

A minor baron

During his time working at the Trump Organization Cohen became a minor real-estate baron in his own right. Although his business is dwarfed by Trump's assemblage of properties, it is not insignificant. From 2011 to 2015 limited-liability companies connected to Cohen purchased at least five buildings in Manhattan, public records show. Like many of Cohen's business dealings, the transactions were unconventional. His companies would buy a building, often in cash. Soon after they would flip the building in another all-cash deal for four or five times the previous purchase price. The buyer was generally another limited-liability company.

In October 2011, for example, a limited-liability company listing as its address Cohen's apartment at Trump Park Avenue purchased a building on Rivington Street on Manhattan's Lower East Side for \$2.1 million, or €1.75 million. In 2014 Cohen sold the building for \$10 million, or €8.35 million, in cash – nearly five times what he paid three years earlier.

In recent weeks Trump has moved to simultaneously embrace Cohen and keep him at arm's length

That same day Cohen sold three other Manhattan buildings, also entirely for cash. In total the four buildings sold for \$32 million, or more than €26 million – nearly triple what Cohen had paid for them in the span of no more than three years. It is not known who owns the limited-liability companies that purchased the properties from Cohen or why they agreed to pay such rich prices. Cohen told McClatchy, the media company that first reported the transactions, that the sales were in cash to help the buyers defer taxes in other transactions.

Richard Gordon, director of the Financial Integrity Institute at Case Western Reserve University's law school, said such real-estate transactions – large profits, achieved quickly, involving cash purchases by LLCs – should raise red flags.

"If I were the bank I'd either refuse his business up front or rate him extra-high risk," said Gordon, who once led anti-money-laundering efforts for the International Monetary Fund.

Trump is closely monitoring the investigations into his longtime counsellor. In recent weeks he has moved to simultaneously embrace Cohen and keep him at arm's length. "Most people will flip if the Government lets them out of trouble," Trump wrote on Twitter last month. "Sorry, I don't see Michael doing that." A few days later Trump asserted that the investigation was unrelated to Cohen's work for him. "From what I understand, they're looking at his businesses," Trump said. "I've been told I'm not involved." The president added: "I hope he's in great shape." – New York Times