Prosecutor: Michael Avenatti saw dollar signs in Nike fraud

By LARRY NEUMEISTER
Associated Press

NEW YORK — A prosecutor kicked off opening statements at the attempted extortion trial of Michael Avenatti on Wednesday by saying the deep-in-debt California lawyer used the "modern weapon" of a big social media following and clout as a television program guest to try to extort millions of dollars from Nike.

Assistant U.S. Attorney Robert Sobelman told jurors in Manhattan that the lawyer, who gained fame by representing porn star Stormy Daniels in lawsuits against President Donald Trump, went to Nike after an amateur coach who felt cheated by the sportswear giant sought his help.

"He sold out his client, and then tried to harm a major company," Sobelman told jurors.

The prosecutor said Avenatti used "a weapon, a modern weapon" to try to force the company to pay him up to $25 million. That weapon, Sobelman said, was Avenatti's large social media following and access to television shows.

"When he looked at the coach, he did not see a client to help," the prosecutor said. "He saw dollar signs for himself."

Defense attorney Howard Srebnick told jurors that Avenatti's negotiations with Nike were "not extortion."

AP Photo/Mark Lennihan, File

In this Dec. 17, 2019, file photo, attorney Michael Avenatti arrives at federal court in New York to enter a plea to an indictment charging him with trying to extort up to $25 million from Nike.

Avenatti has pleaded not guilty to trying to extort Oregon-based Nike in March 2019 by threatening to go public with evidence that the shoemaker had paid off the families of highly ranked high school basketball prospects. The trial is expected to last about 2½ weeks.

He also faces an April trial in New York on charges that he cheated Daniels, whose real name is Stephanie Clifford, of proceeds of a book deal and a May trial in Los Angeles on charges that he ripped off clients and others for millions of dollars.

He has denied all charges and maintained that he was targeted by the Trump administration after clashing with the president on social media and frequently criticizing him.

Prosecutors say Avenatti, 48, tried to leverage his ability to attract a large amount of attention to any public statements he might make to force Nike to pay between $15 million and $25 million to prevent damaging publicity.

Prosecutors had asked U.S. District Judge Paul G. Gardephe to prevent defense lawyers from mentioning Daniels and Trump, but the judge said it would be impossible because it would otherwise seem "Avenatti suddenly became this incredibly public lawyer magically."

Avenatti grew so famous in the past two years that he considered a run for president after making over 100 appearances on cable television programs to talk about lawsuits Daniels brought against Trump over an affair she claimed occurred before he became president.

Sanctuary: Ordinance is a preemptive response to future regulations

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It's that kind of talk that Beard says the people of Lexington don't want to entertain.

"I firmly believe in the safe handling of firearms," he said. "When you criminalize these things, you're criminalizing a lot of gun owners who are law-abiding citizens."

Morrow County Commissioner Don Russell said that about five years ago, commissioners passed a resolution expressing county-wide support of Second Amendment rights. He added that there aren't currently any state laws the county would decline to enforce.

That, he said, is up to Morrow County Sheriff Ken Matlack.

"I think the sheriff has a lot of flexibility over what he enforces and doesn't enforce," he said.

Matlack expressed concern over the possibility of a safe storage law, or other laws that might affect gun owners. He said gun storage requirements would defeat the purpose of having a weapon during an instance like home invasion.

"If a (law) was obvious enough to be a violation of the Second Amendment as it was written, I would be concerned over defending my oath to protect and defend," he said.

Staff photo by Ben Lonergan

The town of Lexington recently passed a "Second Amendment Sanctuary Ordinance" aimed at protecting Second Amendment rights as they currently stand even under changes to state or federal law.

In 2018, Matlack voiced his opposition to an initiative petition that would ban semi-automatic weapons. In a letter posted on Facebook, he compared the possible regulation to preemptive actions of oppressive governments, including Nazi Germany and Stalin's Russia.

Lexington council members have yet to reach out to Matlack about the ordinance, which states that any peace officer may enforce the ordinance.

Without a city police department, Lexington relies on county law enforcement.

Matlack said without a contract, the Morrow County Sheriff's Office is not responsible for enforcing an individual town or city ordinance.

"If the (town) of Lexington wanted a contract for some city ordinances, I would consider it," he said.

Heppner and Irrigon both have contracts with the sheriff's office to aid in code and ordinance enforcement.

Matlack said if the county were to take on a sanctuary ordinance, his office would also work to support that decision.

"We have not considered it. Probably because nobody has brought it up, and I suspect somebody will," he said.

Morrow County Commissioner Jim Doherty expressed fear that announcing Morrow County as a "Second Amendment Sanctuary" would water down the county's ability to support the Second Amendment.

"I'm a little bit hesitant to do these ordinances. It gives us a voice, we already have the ability. To sign on and say we are a sanctuary could weaken that voice," he said.

And while the county doesn't appear to be signing up for sanctuary status anytime soon, Kennedy said some constituents from Heppner have approached her with interest in bringing a similar ordinance to their own city.

She said when the town council passed the ordinance, some people questioned the effectiveness of such a move.

"We don't want someone coming in and taking our guns," she said. "It's a matter of a starting point, coming together as a community to let people and other communities know our stance. There's power in numbers."

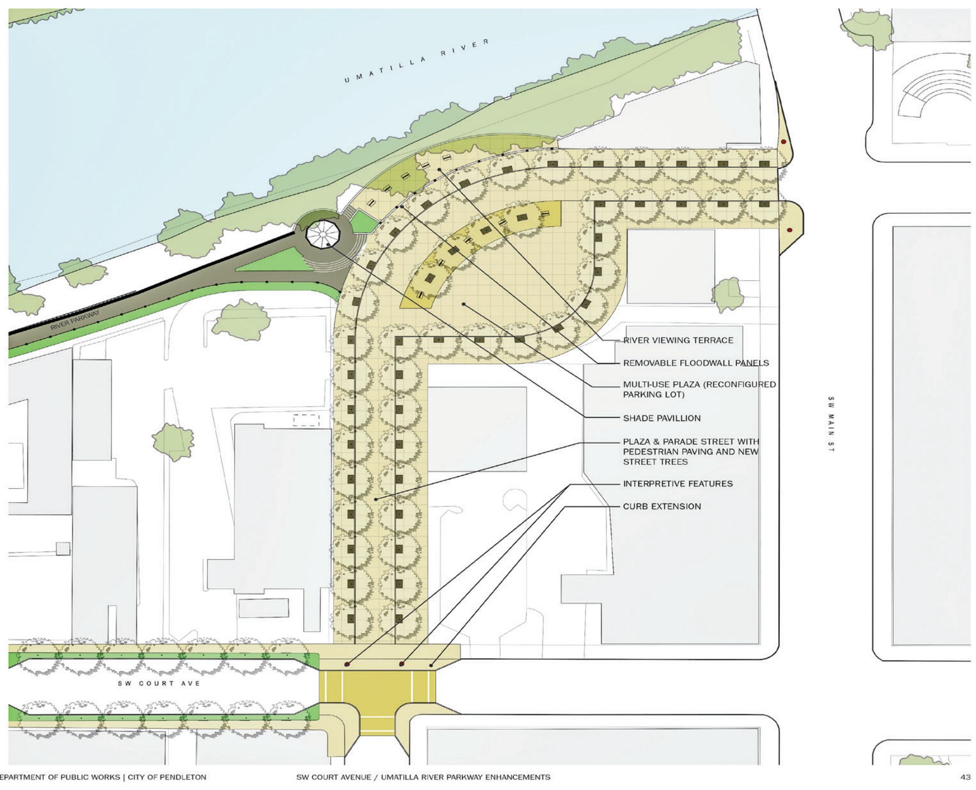

Image Courtesy of Pendleton Public Works

The proposed Byers Avenue Plaza is one of several public projects that the Pendleton Development Commission plans to address after shifting their focus away from private development in favor of public projects.

Projects: Byers Avenue Plaza possible

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Back in 2003, the urban renewal plan estimated the commission would spend more than $36 million over the lifetime of the district, with more than two-thirds of the money going toward public projects.

But the commission hasn't come close to spending that much money, much less on public improvements.

One of the projects the committee is bringing back to light is a plaza and festival street at the bend where Southwest Byers Avenue turns into First Street.

More than a decade ago, Portland architecture firm GreenWorks made conceptual drawings of the idea, which envisioned a multi-use area that incorporated a viewing terrace overlooking the nearby Umatilla River, removable floodwall panels, and a reconfigured parking lot that could double as a plaza space.

The advisory committee also suggested doing various street reconstruction projects in the urban renewal district, a pricey proposition.

The commission recently agreed to spend more than $1 million to repair and widen several sections on Southeast Byers, but the 2003 estimate pegs the cost across the district at more than $7 million.

Denight said he's meeting with Public Works Director Bob Patterson to get updated cost estimates on streets in the urban renewal district.

Hanging over all these discussions is the urban renewal district's 2023 expiration date.

The commission hasn't yet committed to extending it, and Denight said what projects members choose to proceed with will help determine whether the district continues after 2023.

Denight said the commission will meet soon to discuss the proposed ideas and whether to extend the urban renewal district in an upcoming workshop.

Housing: Presently, Oregon prohibits taxes and fees on real estate transfers

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"Outside of how we build, construct and develop housing, we don't have an ongoing dedicated source of funding to provide the services," said Shannon Singleton, Brown's housing policy adviser. "Local jurisdictions don't necessarily have the ability to meet service level needs without some sort of new revenue."

If it gets traction, Brown's resolution would become the latest high-profile housing proposal slated for the 35-day session that begins Feb. 3. OPB first reported that House Speaker Tina Kotek, D-Portland, plans to ask lawmakers to declare a housing state of emergency in Oregon, and she will push a $120 million package meant to help communities establish shelters and provide housing.

But Brown's idea also would dredge up a debate Oregon last had in 2012. At the time, housing prices in the state had bottomed out from the great recession and were just beginning a rise that continues today.

Realtors and business groups poured millions of dollars into Measure 79, which created a prohibition on real estate transfer taxes in the state constitution.

Oregon statutes already prohibited localities from creating such taxes, but Measure 79 proponents wanted more certainty. They made hard-to-prove claims that cities around the state had been plotting to institute transfer taxes, and that such a move would create another burden for homeowners and prospective buyers.

"We are very concerned about anything that would make a terrible housing situation even worse," the Salem Area Chamber of Commerce wrote in a voters' pamphlet statement.

"With property values declining, it is unfair to impose additional taxes on struggling middle class families and Oregon businesses," chimed in the Benton County Farm Bureau.

Opponents countered that the measure was unnecessary and would add unneeded complexity to the state's constitution. Measure 79 wound up resonating with voters and passed with nearly 59% of the vote.

As a result, the Oregon Constitution now prohibits any "tax, fee or other assessment upon the transfer of any interest in real property, or measured by the consideration paid or received upon the transfer of any interest in real property." A 0.1% transfer tax that Washington County had in place when the measure passed was allowed to continue.

A representative with the Oregon Association of Realtors did not respond to a request for comment on Brown's proposal Tuesday. Neither did a spokesman for Kotek, whose chamber the resolution must move through first.

The governor's office, meanwhile, contends it's time Oregon started considering transfer taxes again.

If her measure makes the ballot and passes, hard details about any tax would be decided by the state's Legislative Assembly. States around the country have adopted a wide range of taxing structures for property transfers.

"Let's bring this back into the conversation and at least bring it back before voters to see if at this point in time with the data that we have … is it time to revisit," said Singleton, who formerly led the Portland homeless services organization JOIN. "It's not something that ever stops being talked about in the housing community. We always need to be talking about additional revenue sources."

In absence of transfer taxes, lawmakers have turned to other mechanisms to raise money for affordable housing.

In 2018, the Legislature raised the fee county clerks collect for recording documents from $20 to $60, doubling the money the state raises for affordable housing. Realtors supported that change after it was paired with a provision allowing first-time home buyers to set up tax-free savings accounts.

Lawmakers have also repeatedly considered narrowing the state's tax deduction for mortgage interest payments, a move aimed at raising tens of millions of dollars for affordable housing. Those proposals have been opposed by Realtors.