

Russian Co. Charged In Mueller Probe Hires Reed Smith

By Jody Godoy

Law360 (April 11, 2018, 9:44 PM EDT) -- A Russian company allegedly behind attempts to sway U.S. voters' opinions ahead of the 2016 presidential election has hired Reed Smith LLP to represent it against charges brought by Special Counsel Robert Mueller, according to court documents filed on Wednesday.

Mueller brought a criminal case against Concord Management and Consulting LLC and Russian military contractor Yevgeniy Prigozhin, who allegedly controls Concord, along with other individuals and entities in February.

Prigozhin allegedly used Concord to fund the Internet Research Agency, an organization Mueller's team described as bent on interfering with the U.S. political process. IRA employees are accused of impersonating U.S. citizens on social media, in obtaining PayPal accounts and in communications with state campaigners for then-presidential candidate Donald Trump.

No attorneys had made appearances in the case until Reed Smith partners Kate Seikaly and Eric Dubelier notified a Washington, D.C., federal court they are representing Concord.

Observers among the white collar bar were left scratching their heads as to why the Russian company that may have otherwise been outside the reach of U.S. law enforcement decided to appear.

Glen A. Kopp, a former federal prosecutor in Manhattan who practices at Mayer Brown LLP, said the charges against the Russian defendants were initially seen as more of a statement than a prosecution, given that it was unlikely any of them would actually see the inside of a U.S. court.

If Concord is completely outside U.S. jurisdiction, the decision to appear in the case might have been seen as a low-stakes way to kick the tires on the allegations, Kopp said.

"It may be that the corporate defendant is interested in getting some discovery and to see what their actual evidence is," Kopp said.

Daniel S. Goldman, a former federal prosecutor in Manhattan, noted that a mid-March scheduling order setting initial appearances for IRA and Concord but not the other defendants may indicate the entities had already signaled their willingness to participate in the case.

Goldman said that if the prosecution somehow poses a financial threat, it makes more sense for the

company to act.

“That would be a rational reason why they would be fighting this in court, if their money was frozen or seized. Other than that, I can't imagine a reason why they would want to do this,” Goldman said.

Mueller has announced no specific monetary penalties or attempts to seize Concord's property.

IRA and some of the Russian nationals allegedly involved in the case do face forfeiture allegations tied to charges of identity theft and conspiracy to commit bank and wire fraud.

Prigozhin and Concord, however, face only one count of conspiracy against the U.S. That law does not explicitly authorize “confiscation of property,” according to a 2014 congressional research report.

Another possible motivator is that a resolution in the criminal case could help the company argue its way out of U.S. sanctions.

But the Mueller charges aren't the only thing driving that decision.

The U.S. Treasury Department hit Concord and Prigozhin with sanctions over the election meddling allegations in March, but both had been previously sanctioned last June as part of an effort to pressure Russia to end its annexation of Crimea.

Prigozhin has been subject to sanctions since 2016 in connection with the Ukraine conflict because of what the Treasury Department called his “extensive business dealings” with the Russian military.

Dubelier and Seikaly, the Reed Smith partners on the case, have worked together previously. Their work includes victories for pharmacy Omnicare Inc. and nursing home company ManorCare Inc. in multimillion-dollar Medicare overbilling cases.

The pair also represented a former U.S. Secret Service agent in the massive foreign bribery cases based on an FBI sting operation in Gabon that ended in mistrials and acquittals in 2012.

IRA and Concord are scheduled to appear before a magistrate judge on May 9.

A spokesperson for the Special Counsel's Office declined to comment. Counsel for Concord did not reply to requests for comment on Wednesday.

The government is represented by Jeannie Sclafani Rhee, Lawrence Rush Atkinson and Ryan Kao Dickey.

Concord Management and Consulting is represented by Eric A. Dubelier and Katherine Joanne Seikaly of Reed Smith LLP.

The other defendants' counsel, if they have any, have not filed appearances in the case.

The case is U.S. v. Internet Research Agency et al., case number 1:18-cr-00032, in the U.S. District Court for the District of Columbia.

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