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Updates on Select Prominent Cases

April 3, 2025

1. Prosecution of Mayor Eric Adams

The legal saga surrounding the federal prosecution of New York City Mayor Eric Adams for bribery and violations of campaign-finance law has just concluded, with charges against the mayor being dismissed with prejudice. Mayor Adams was indicted by a grand jury in the Southern District of New York ("SDNY") on September 24, 2024, and charged with bribery, campaign-finance, and conspiracy offenses for allegedly using his official position for personal benefits, including luxury travel and illegal campaign contributions. On February 10, 2025, then-Acting Deputy U.S. Attorney General Emil Bove issued a memorandum directing federal prosecutors to dismiss without prejudice all charges against Mayor Adams. In his memo, Mr. Bove emphasized the timing of Mayor Adams's indictment following his criticisms of former President Biden's immigration policies, and the appearance of political "weaponization" of prosecutorial power by government officials. Mr. Bove further stated that the indictment hindered Mayor Adams's ability to cooperate with President Trump's immigration enforcement policies. In response, on February 12, SDNY's interim U.S. Attorney Danielle Sassoon issued a resignation letter to Attorney General Pam Bondi, arguing that the dismissal would constitute a *quid pro quo* and set a dangerous precedent.

On February 19, Judge Dale E. Ho held a hearing on the government's motion to dismiss, and two days later issued a five-page order adjourning the case and appointing Paul Clement of Clement & Murphy as *amicus curiae* to provide an independent legal analysis of the government's motion to dismiss. On March 7, Mr. Clement filed his brief, arguing that the Federal Rules of Criminal Procedure gave the court the right to dismiss the case with prejudice, meaning the charges against Mayor Adams could not be brought again. Judge Ho appeared to concur with Mr. Clement's ultimate recommendation, dismissing the case with prejudice on April 2.

2. Senator Bob Menendez Prosecution

On January 29, 2025, following his July 2024 jury trial and conviction on 16 felony counts including bribery, extortion, conspiracy, and obstruction of justice in the Southern District of New York, former U.S. Senator and Chairman of the Senate Foreign Relations Committee Robert Menendez was sentenced to 11 years in prison. The evidence presented at trial supported the government's allegations that Senator Menendez received cash bribes and gifts, including gold bars, in exchange for using his political influence to agents of the Egyptian government. Charges against Mr. Menendez's wife and co-defendant, Nadine Menendez, remain pending and her trial is currently underway.

Of particular significance, during trial, federal prosecutors successfully sought to admit into evidence a slide deck from a proffer given by Senator Menendez's attorney in order to prove the obstruction of justice charge. Proffers are a

practice in which a potential defendant discloses information to the government in anticipation of leniency or non-prosecution. The admitted slides from the attorney proffer described information regarding payments made to Senator Menendez's wife. Prosecutors argued that these statements were false, and moreover, that Mr. Menendez knowingly gave this false information to his attorney in order to obstruct the government's investigation. In objecting to the admission of the slides, Mr. Menendez's defense team argued that the government failed to establish that Menendez had authorized the particular statements at issue; and further, pointed out that the government did not call the attorney himself in order to contextualize any spoken comments that may have accompanied the written submission. The court held in favor of the government, concluding that the admission was proper and the jury could make a reasonable inference as to Mr. Menendez's authorization based on the classic agency relationship between an attorney and his client.

The Menendez case underscores the importance of accurate disclosures to the government, as well as the importance of carefully considering the best manner in which to convey information to the government.

3. Motion for Dismissal in Cognizant Executives' FCPA Case

Prior to the government's motion to dismiss, trial for Cognizant executives Gordon Coburn and Steven Schwartz had been slated for April 7, 2025 in federal district court in New Jersey. Coburn and Schwartz were alleged to have offered a $2 million bribe to Indian officials in order to secure permits for construction of an office park. After Cognizant self-reported the misconduct and agreed to pay $25 million to settle a SEC enforcement action in 2019, Coburn and Schwartz were indicted for their involvement.

The prosecution was plagued by delays owing to complex evidentiary disputes, the availability of foreign witnesses, attorney-scheduling conflicts, and the presiding judge retiring. Following the executive order freezing FCPA enforcement, the DOJ initially reviewed the case and concluded that it intended to continue the prosecution. Subsequently, the then-acting U.S. Attorney John Giordano asked for an adjournment to restudy the matter, but was rebuffed by the judge, who ordered that the case move forward.

On March 24, President Trump named Alina Habba to be the new interim U.S. Attorney for the District of New Jersey. On April 2, Ms. Habba moved to dismiss the case with prejudice, noting the government's updated position on FCPA enforcement, as articulated in the February 10 executive order.

4. Glencore Monitorships

The Trump administration's shifting enforcement policies have also had an effect on ongoing compliance monitorships. Most notably, on March 19, 2025, DOJ moved to cut short two monitorships placed on Glencore entities as part of plea deals made in 2022. Pursuant to the two agreements resolving FCPA and market-manipulation violations in SDNY and the District of Connecticut, respectively, Glencore paid over $1.1 billion in total penalties and agreed to two three-year monitorships.

In choosing to end the monitorships early, the government did not give an explanation separate from the "exercise . . . [of its] sole discussion under the plea agreement to terminate . . . early" the monitorships. DOJ's motion to end the

FCPA monitorship early was granted, and its notice to end the market-manipulation monitorship remains uncontested. (*United States v. Glencore Int'l A.G.* (S.D.N.Y.); *United States v. Glencore Ltd.* (D. Conn.)).

5. Rejected Boeing Plea Agreement and Upcoming Trial

Boeing is set to proceed to trial in the Northern District of Texas after an abrupt court-ordered change in scheduling following the December 2024 rejection of a plea agreement the company had reached with the government over allegations that it defrauded safety regulators. Specifically, Boeing was accused of misrepresenting the novelty of the features of its 737 Max 8 jet in order to get the plane to market quicker, which resulted in two passenger plane crashes and the deaths of 346 people in 2018 and 2019. The proposed plea agreement, requiring Boeing to plead guilty to a single count of conspiracy to defraud regulators, had also included a $244 million fine and commitment of $455 million to improve compliance, and quality and safety programs placed under a monitorship.

In rejecting the July 2024 plea agreement, U.S. District Court Judge Reed O'Conner took issue with a provision emphasizing diversity, equity, and inclusion, and how that provision would affect the government's choice of an independent compliance monitor. The court also appeared to suggest that the government's failure "to ensure compliance" with Boeing's 2021 deferred prosecution agreement ("DPA") necessitated the court "to step in" in the public interest. The families of the plane crash victims welcomed this development, having criticized the plea agreement as a sweetheart deal.

On March 25, 2025, the court departed from its previous scheduling order giving the parties until April 11 to submit a revised plea deal, and ordered trial to proceed beginning June 23 (*United States v. The Boeing Co.* (N.D. Tex.)).

6. Clemency for Trevor Milton and Carlos Watson

On March 27, 2025, President Donald Trump issued multiple pardons and commutations for individuals convicted of white-collar crimes. These acts of clemency included a pardon for Trevor Milton, founder of electric vehicle startup Nikola; and a commutation for Carlos Watson, co-founder of Ozy Media.

In 2022 in SDNY, Trevor Milton was convicted of securities and wire fraud related to misleading investors about Nikola's technological prowess and lucrative business prospects. In December 2023, Milton was sentenced to four years in prison and ordered to pay hundreds of millions of dollars in restitution to impacted Nikola investors; however, Milton did not serve his sentence pending appeal.

On April 1, Milton filed a letter with the district court attaching the executive grant of clemency as an exhibit, and highlighted its text granting "remission of any and all fines, penalties, forfeitures, and restitution ordered by the court." "Thus," counsel for Milton argued, "the pardon covers the financial aspects of the conviction such as the pending request for restitution, as well as other penalties." Milton's counsel also represented that the government agreed that its request for millions in restitution was rendered moot by the pardon. (*United States v. Milton* (S.D.N.Y,); *Milton v. United States* (2d Cir.)).

President Trump also commuted Carlos Watson's sentence a day before he was due to report for nearly a 10-year prison sentence on charges of conspiracy to commit securities fraud, conspiracy to commit wire fraud, and aggravated identity theft in EDNY. Specifically, Watson and others caused $60 million in investor losses when they made fraudulent misrepresentations about Ozy Media's financial performance—including inducing employees to create fake contracts with forged signatures and impersonating media company executives when questioned by lenders and potential investors (*United States v. Watson* (E.D.N.Y.)).

7. Frank Founder Conviction

On March 28, 2025, a federal jury in SDNY convicted Charlie Javice, the founder of college financial aid startup Frank, of securities fraud, wire fraud, bank fraud, and conspiracy charges. Javice was found guilty of orchestrating an elaborate scheme to inflate the size of Frank's user base to convince JPMorgan Chase to acquire the company for $175 million in 2021. Javice had joined JPMorgan as part of the acquisition and served as Head of Student Solutions before the bank terminated her employment in 2022.

The jury's verdict came after a five-week trial that focused heavily on internal communications, data analysis, and representations made during JPMorgan's due diligence. Prosecutors presented evidence that Javice and Frank's Chief Growth Officer Olivier Amar fabricated data and created a list of fictitious users to support the claim that Frank had more than four million active users when in fact the platform had fewer than 300,000. Javice's counsel argued that JPMorgan understood the material terms of the deal and simply had buyer's remorse after the regulatory changes rendered the data it acquired useless.

The most serious counts carry a maximum penalty of up to 30 years in prison. Javice's counsel seeks to move the court to set aside the verdict, and sentencing has not yet been scheduled (*United States v. Javice* (S.D.N.Y.)).

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If you have any questions, please feel free to contact any of the following Cadwalader attorneys.

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