

1 In the
2 United States Court of Appeals
3 For the Second Circuit

4 August Term, 2018
5 Nos. 17-3691-cr(L), 17-3758-cr(Con), 17-3808-cr(Con)

7 UNITED STATES OF AMERICA,
8 Appellee,

9 v.

10 YURI LEBEDEV and TREVON GROSS,
11 Defendants-Appellants,

12 ANTHONY R. MURGIO, also known as Sealed Defendant 1, MICHAEL J.
13 MURGIO, JOSE M. FREUNDT, and RICARDO HILL, also known as Rico,
14 Defendants.*
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16 Appeal from the United States District Court
17 for the Southern District of New York.
18 Nos. 15-cr-769-1, 15-cr-769-2, 15-cr-769-3 — Alison J. Nathan, *Judge*.
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20 ARGUED: DECEMBER 5, 2018
21 DECIDED: JULY 26, 2019

22 Before: CABRANES, POOLER, and DRONEY, *Circuit Judges*.
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* The Clerk of Court is directed to adopt the caption as set forth above.

1 Appeal from the November 1, 2017 and November 16, 2017 judgments of
2 the United States District Court for the Southern District of New York (Alison J.
3 Nathan, *Judge*), convicting the Defendants-Appellants, after a jury trial, of multiple
4 counts arising out of their roles in the operation of an illegal Bitcoin exchange and
5 a scheme to use a federal credit union for illegal purposes. They argue, among
6 other things, that the district court made various evidentiary errors, including
7 improperly limiting the examination of a witness called to impeach a key
8 government witness. Defendant Lebedev further argues that insufficient
9 evidence was presented at trial to sustain his convictions, while defendant Gross
10 argues that the evidence presented at trial so differed from the allegations of the
11 superseding indictment that the government impermissibly constructively
12 amended the indictment. Defendant Gross also challenges his 60-month prison
13 sentence and order of restitution, arguing that the court misapplied certain
14 sentencing enhancements in calculating the Guidelines range, and abused its
15 discretion in determining restitution. We AFFIRM.

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1 DRONEY, *Circuit Judge*:

2 This is a consolidated appeal of two defendants convicted in a joint jury trial
3 of offenses arising out of their roles in an illegal Bitcoin exchange and a scheme to
4 use a federal credit union for illegal purposes.¹ Yuri Lebedev was convicted of
5 wire fraud in violation of 18 U.S.C. § 1343, bank fraud in violation of 18 U.S.C.
6 § 1344, conspiracy to commit wire and bank fraud in violation of 18 U.S.C. § 1349,
7 and making corrupt payments with the intent to influence an officer of a financial
8 institution in violation of 18 U.S.C. § 215(a)(1). Trevon Gross was convicted of
9 receiving corrupt payments as an officer of a financial institution in violation of 18
10 U.S.C. § 215(a)(2). Both Lebedev and Gross were also convicted of conspiracy in
11 violation of 18 U.S.C. § 371.

12 Lebedev and Gross appeal their judgments of conviction, raising various
13 constitutional and evidentiary challenges. Gross also appeals the district court's
14 application of several provisions of the Sentencing Guidelines in imposing his
15 sentence and his order of restitution.

¹ This appeal was consolidated with that of a third defendant, Anthony R. Murgio. On May 16, 2018, the Court granted Murgio's motion to voluntarily dismiss his appeal.

1 **I. BACKGROUND**

2 The evidence presented by the government at trial concerned the activities
3 of an internet-based Bitcoin exchange service located in Florida, known as
4 “Coin.mx.” Coin.mx’s customers used the exchange to purchase Bitcoins, a
5 digital currency, with traditional currency. Although the purpose of Coin.mx
6 was to allow the purchase and sale of Bitcoins, Coin.mx concealed that fact from
7 the banks and credit card companies processing its transactions.² Coin.mx
8 opened bank accounts in the name of “the Collectables Club,” which falsely
9 purported to be a private members’ association dedicated to collecting and
10 exchanging memorabilia. Coin.mx also processed credit card transactions listing
11 the Collectables Club as the merchant. Neither Coin.mx nor the Collectables
12 Club registered with federal regulators as a money-transmitting entity or obtained
13 state licensure for that purpose.

² Bitcoin offers users increased anonymity compared with many other virtual and traditional currencies, “mak[ing] it more difficult for law enforcement to quickly and efficiently obtain information on users . . . engaged in criminal activity.” Kevin V. Tu, Michael W. Meredith, *Rethinking Virtual Currency Regulation in the Bitcoin Age*, 90 WASH. L. REV. 271, 299 (2015). Because of its susceptibility to use for illegal transactions, many banks refuse to transact with businesses dealing in Bitcoins.

1 Coin.mx employed Lebedev to manage information technology operations.
2 One of Lebedev’s responsibilities was to set up various Internet Protocol (“IP”)
3 addresses to make it appear to banks and payment processors that Coin.mx’s
4 transactions were legitimate Collectables Club transactions.

5 Eventually, Coin.mx sought control of a credit union to process its
6 transactions.³ In April 2014, Coin.mx representatives contacted Gross to discuss
7 the possibility of taking control of the Helping Other People Excel Federal Credit
8 Union (“HOPE FCU” or the “credit union”). Gross was then the chairman of
9 HOPE FCU, as well as the head pastor of the nearby Hope Cathedral in Jackson,
10 New Jersey.

11 Negotiations ensued between HOPE FCU, represented by Gross, and
12 Coin.mx’s front company, the Collectables Club, represented primarily by
13 Anthony Murgio. Gross promised that HOPE FCU would appoint to its board
14 of directors six members selected by the Collectables Club, giving the Collectables
15 Club a majority of the board seats. In return, Gross required that three donations

³ By taking control of a credit union, Coin.mx no longer risked being shut down by banks that uncovered the true nature of the Bitcoin transactions. Customers could open accounts at the credit union and use their accounts to buy Bitcoins from Coin.mx.

1 be made to Hope Cathedral: two for \$15,000 each and a third for \$120,000.
2 Evidence at trial demonstrated that Gross frequently used those “donations” for
3 personal expenses.

4 One of Coin.mx’s other front companies, Currency Enthusiasts, made the
5 first two \$15,000 donations to Hope Cathedral. HOPE FCU’s executive board
6 nominated the six Collectables Club board members, and Gross promised that the
7 board members they were replacing would resign at the annual meeting.
8 Lebedev was one of the six new members nominated. At the annual meeting in
9 June 2014, the nominees were elected, although the former board members
10 remained on the board for a few additional months to help HOPE FCU avoid
11 scrutiny from its regulator, the National Credit Union Administration (“NCUA”).

12 The third donation was made by a company known as “Kapcharge.”
13 Kapcharge was a third-party payment processing company that processed
14 electronic payments for its clients through its own accounts at financial
15 institutions.⁴ Murgio was affiliated with Kapcharge. Murgio approached Gross

⁴ While Kapcharge did not seek to work with the credit union to process risky Bitcoin transactions, it did seek to process a large volume of transactions—in the tens of millions of dollars.

1 in June 2014 about allowing Kapcharge to process third-party transactions, known
2 as automated clearing house transactions (“ACH transactions”), through an
3 account at HOPE FCU. Kapcharge, which was a Canadian company, became a
4 member of HOPE FCU, even though HOPE FCU’s membership was limited to
5 persons and organizations within the local community. HOPE FCU was
6 substantially undercapitalized to process the high volume of transactions
7 Kapcharge used it to process. Shortly after becoming a member, Kapcharge
8 wired \$120,000 to Hope Cathedral.

9 In addition to the “donations” used by Gross for personal expenses,
10 Kapcharge and its co-conspirators paid Gross \$12,000 in so-called “consulting
11 fees.”

12 Ultimately, Gross had a falling out with Murgio, Lebedev, and the other
13 Coin.mx representatives, which resulted in Gross expelling them from the credit
14 union and terminating their relationship.⁵ Thereafter, Gross refused to

⁵ On November 22, 2014, Gross demanded an additional \$50,000 donation to the church in exchange for the resignation of the remaining board members who predated Coin.mx’s takeover of the credit union. Although the remaining board members resigned, Coin.mx failed to make the \$50,000 payment by Gross’s deadline.

1 communicate or transact with the Coin.mx agents, directed them to stop wiring
2 funds into the credit union, locked them out of computer access to their accounts,
3 and informed them that they were not members of the credit union and thus
4 lacked standing to call a board meeting. However, Gross continued to allow
5 Kapcharge to process transactions through its account after Coin.mx was no longer
6 involved in the credit union. In 2015, Kapcharge wired an additional \$80,000 into
7 credit union accounts that Gross controlled.

8 HOPE FCU eventually came under regulatory scrutiny from the NCUA.
9 During the NCUA's examination of the credit union, Gross failed to disclose a
10 number of transactions, including the "donations" that Currency Enthusiasts and
11 Kapcharge paid to Hope Cathedral, that HOPE FCU had opened a branch in
12 Florida, and that Kapcharge was paying the salary of the credit union's new CEO
13 and the legal fees of Gross and the credit union. Gross further misrepresented
14 that Kapcharge had an office in New Jersey that qualified it for membership in the
15 credit union, and failed to disclose Coin.mx agents' email accounts after the NCUA
16 requested all of the credit union's email accounts. NCUA placed HOPE FCU into
17 a conservatorship in October 2015.

1 A superseding indictment was filed on December 22, 2016, in the United
2 States District Court for the Southern District of New York. Following a four-
3 week jury trial, Murgio, Lebedev, and Gross were convicted of all counts on March
4 17, 2017. Following the denial of post-trial motions, Lebedev was sentenced to
5 16 months' imprisonment, supervised release, and forfeiture. Gross was
6 sentenced to 60 months' imprisonment and three years' supervised release.
7 Lebedev and Gross were ordered to pay \$126,771.82 in restitution jointly and
8 severally with their convicted codefendants.

9 Lebedev and Gross appealed their judgments of conviction. Gross, but not
10 Lebedev, also challenges his sentence on appeal.

11 **II. ANALYSIS**

12 We consider Lebedev's and Gross's claims on appeal in turn.

13 **A. Lebedev's Claims on Appeal**

14 1. *Sufficiency of the Evidence*

15 Lebedev challenges the sufficiency of the evidence underlying his
16 convictions for wire fraud under 18 U.S.C. § 1343, bank fraud under 18 U.S.C.
17 § 1344, and conspiracy to commit wire and bank fraud under 18 U.S.C. § 1349.

1 We review *de novo* a challenge to the sufficiency of the evidence underlying
2 a criminal conviction. *United States v. Corbett*, 750 F.3d 245, 250 (2d Cir. 2014).
3 We “view the evidence in the light most favorable to the government, crediting
4 every inference that could have been drawn in the government’s favor, and
5 deferring to the jury’s assessment of witness credibility and its assessment of the
6 weight of the evidence.” *United States v. Coplan*, 703 F.3d 46, 62 (2d Cir. 2012)
7 (internal quotation marks omitted). “[W]e will uphold the judgments of
8 conviction if ‘any rational trier of fact could have found the essential elements of
9 the crime beyond a reasonable doubt.’” *Id.* (quoting *Jackson v. Virginia*, 443 U.S.
10 307, 319 (1979)).

11 a. Wire Fraud

12 Lebedev argues that there was insufficient evidence that he committed wire
13 fraud because his role in Coin.mx’s scheme—deceiving financial institutions
14 concerning the nature of Coin.mx’s business—did not harm or risk harming those
15 financial institutions.

16 The elements of wire fraud are “(1) a scheme to defraud, (2) money or
17 property as the object of the scheme, and (3) use of the . . . wires to further the

1 scheme.” *United States v. Bunday*, 804 F.3d 558, 569 (2d Cir. 2015) (internal
2 quotation marks omitted). “Since a defining feature of most property is the right
3 to control the asset in question, we have recognized that the property interests
4 protected by the . . . wire fraud statute[] include the interest of a victim in
5 controlling his or her own assets.” *Id.* at 570 (alteration omitted) (quoting *United*
6 *States v. Carlo*, 507 F.3d 799, 802 (2d Cir. 2007)). For this reason, a wire fraud
7 charge under a right-to-control theory can be predicated on a showing that the
8 defendant, through the “withholding or inaccurate reporting of information that
9 could impact on economic decisions,” deprived “some person or entity . . . of
10 potentially valuable economic information.” *United States v. Finazzo*, 850 F.3d 94,
11 108 (2d Cir. 2017) (internal quotation marks omitted).

12 At trial, the government presented testimony from witnesses to establish the
13 significance of Coin.mx’s misrepresentations about the nature of its business,
14 including Erika Heinrich, who worked in the fraud investigations group at Chase
15 Bank USA (“Chase”). Heinrich testified that Chase decides whether to process
16 pending credit card transactions based in part on information it receives about the
17 merchant. Chase evaluates regulatory risk, including potential fines for doing

1 business that is illegal, as well as economic risk posed by fraudulent transactions,
2 and considers transactions with money services or money-transmitting businesses
3 to carry a higher risk of fraud.

4 The evidence at trial demonstrated that Coin.mx was a money service
5 business that was both unlawful and carried a higher risk of fraudulent
6 transactions. The evidence also showed that Lebedev's role in Coin.mx's scheme
7 was to disguise Coin.mx's Bitcoin transactions through front entities such as the
8 Collectables Club, so the institutions processing those transactions would be more
9 likely to process and approve them. On this basis, a reasonable jury could
10 conclude that Lebedev deprived the financial institutions of the right to control
11 their assets by misrepresenting potentially valuable economic information.

12 b. Bank Fraud

13 Lebedev also argues that the government failed to prove he committed bank
14 fraud because he did not intend to defraud either the bank or the customers who
15 purchased Bitcoin. He argues that because Coin.mx's customers willingly
16 purchased Bitcoin, the banks were not deprived of any property interest in the
17 customers' accounts.

1 Bank fraud is defined in relevant part as “a scheme or artifice—(1) to
2 defraud a financial institution; or (2) to obtain any of the moneys, funds, credits,
3 assets, securities, or other property owned by, or under the custody or control of,
4 a financial institution, by means of false or fraudulent pretenses, representations,
5 or promises.” 18 U.S.C. § 1344. Lebedev was indicted and convicted under
6 § 1344(2). Subsection (2) requires that the defendant intend to obtain a financial
7 institution’s property, and that the “envisioned result . . . occur by means of false
8 or fraudulent pretenses, representations, or promises,” but does not require that
9 “a defendant have a specific intent to deceive a bank.” *Loughrin v. United States*,
10 573 U.S. 351, 356–57 (2014) (internal quotation marks omitted).

11 As discussed above, there was sufficient evidence showing that Lebedev
12 caused false information to be sent to financial institutions to disguise the fact that
13 their customers were transacting business with an unregistered Bitcoin exchange.
14 Moreover, he did so with the intent to obtain funds under those institutions’
15 custody and control; namely, funds in the customers’ accounts. In addition, by
16 approving credit-card transactions, banks advanced Coin.mx their own funds that

1 would later be paid back by customers. On these bases, a reasonable jury could
2 conclude that Lebedev violated 18 U.S.C. § 1344(2).

3 * * *

4 Accordingly, sufficient evidence supported Lebedev's convictions for wire
5 fraud, bank fraud, and conspiracy to commit wire and bank fraud.

6 **B. Gross's Claims on Appeal**

7 1. *The District Court's Evidentiary Rulings*

8 Gross challenges several evidentiary rulings the district court made at trial.
9 Lebedev joins one such challenge, as noted below. We review evidentiary
10 rulings by the district court for abuse of discretion. *United States v. Litvak*, 808
11 F.3d 160, 179 (2d Cir. 2015).

12 a. Testimony of John Rollins

13 First, Gross challenges the district court's decision to admit the testimony of
14 John Rollins, which he contends was expert testimony that did not comply with
15 the prior notice requirement of Federal Rule of Criminal Procedure 16.

16 Rollins is an accountant and litigation consultant whom the government
17 retained in connection with its investigation into Coin.mx and HOPE FCU.

1 Rollins was not identified before trial as an expert witness, and no expert report
2 was provided to the defense pursuant to Federal Rule of Criminal Procedure
3 16(a)(1)(G). Rather, he was identified by the government as a witness who would
4 summarize various financial records.

5 At trial, Rollins testified about deposits made by the Collectables Club and
6 Kapcharge into Hope Cathedral's bank account and withdrawals made by Gross
7 from the same account to pay for Gross's personal expenses. Rollins testified that
8 the funds Gross withdrew were the same funds that the Collectables Club and
9 Kapcharge had deposited. In effect, he testified that Gross used some of the
10 purported donations to the church from the Collectables Club and Kapcharge for
11 his own expenses.

12 Rollins based his testimony on an accounting methodology referred to as
13 "first-in-first-out" or "FIFO." The FIFO methodology assumes that the first
14 funds deposited into an account are the funds used to pay for the first withdrawals
15 from the account. Rollins testified that FIFO was only one of several methods he
16 could have used, but the government instructed him to use it. He also testified

1 that “intuitively, [FIFO] makes sense” in light of “how most people handle their
2 finances.” App’x 3036.

3 After Rollins testified that the method “makes sense,” defense counsel
4 objected that he was giving an expert opinion, and the district court expressed
5 concern that Rollins had improperly opined that FIFO was the correct accounting
6 method for analyzing payments of Gross’s expenses. The district court allowed
7 Rollins to testify using the FIFO methodology after Rollins clarified that the
8 government had specifically directed him to use it. The court also later instructed
9 the jury that Rollins was not an expert witness and that they should not rely on his
10 testimony to establish that using FIFO was proper.

11 Under Federal Rule of Evidence 702, expert witnesses provide opinions
12 when “the expert’s scientific, technical, or other specialized knowledge will help
13 the trier of fact to understand the evidence or to determine a fact in issue.” Fed.
14 R. Evid. 702(a). By contrast, summary witnesses may testify using “a summary,
15 chart, or calculation to prove the content of voluminous writings, recordings, or
16 photographs that cannot be conveniently examined in court.” Fed. R. Evid. 1006;
17 *see also Fagiola v. Nat’l Gypsum Co. AC & S, Inc.*, 906 F.2d 53, 57 (2d. Cir. 1990)

1 (explaining a summary witness’s role as providing “foundation testimony
2 connecting [a summary] with the underlying evidence summarized”).

3 The district court did not abuse its discretion by admitting Rollins’s
4 testimony. Once the court clarified to the jury that Rollins was not endorsing the
5 FIFO methodology, it was within its discretion to conclude that Rollins’s
6 application of the method was not an expert opinion but rather merely a summary
7 of the relevant financial records. The jury could have applied the assumption
8 inherent in the FIFO methodology to the financial records without Rollins’s
9 testimony. The district court was thus within its discretion to determine that
10 Rollins’s testimony did not constitute expert testimony and did not violate Rule
11 16’s notice requirement.

12 b. Co-conspirator Hearsay Testimony

13 Next, Gross challenges the admission of hearsay statements by Coin.mx
14 agents under Federal Rule of Evidence 801(d)(2)(E) that he contends were made
15 after he had withdrawn from the conspiracy. Specifically, Gross contends that
16 the district court erroneously admitted inculpatory messages sent between
17 Coin.mx’s agents after he had a falling out with them.

1 Under the co-conspirator exception to the hearsay rule, the government may
2 offer hearsay statements “made by the [defendant’s] co-conspirator during and in
3 furtherance of the conspiracy.” Fed. R. Evid. 801(d)(2)(E). However, “[o]nce a
4 party withdraws from a conspiracy subsequent statements by a co-conspirator do
5 not fall within this exemption.” *United States v. Nerlinger*, 862 F.2d 967, 974 (2d
6 Cir. 1988). Withdrawal “requires affirmative action . . . to disavow or defeat the
7 purpose of the conspiracy.” *Id.* (internal quotation marks omitted). “That
8 members of a conspiracy have had a disagreement or a falling out is not, however,
9 sufficient to establish withdrawal from the conspiracy.” *United States v. James*,
10 712 F.3d 79, 106 (2d Cir. 2013); *see also United States v. Berger*, 224 F.3d 107, 118 (2d
11 Cir. 2000) (“[R]esignation from a criminal enterprise, standing alone, does not
12 constitute withdrawal as a matter of law”). “[A]bsent withdrawal, a
13 conspirator’s participation in a conspiracy is presumed to continue until the last
14 overt act by any of the conspirators.” *United States v. Salmonese*, 352 F.3d 608, 615
15 (2d Cir. 2003) (internal quotation marks omitted). Because of the factual nature
16 of the inquiry, “we will reverse a decision to admit co-conspirator statements only

1 if it is clearly erroneous.” *James*, 712 F.3d at 106 (internal quotation marks
2 omitted).

3 The district court ruled that there was not sufficient evidence that Gross had
4 withdrawn from the conspiracy when the challenged co-conspirator statements
5 were made to preclude the admission of the messages. Despite Gross’s dispute
6 with Coin.mx’s agents, the court did not clearly err by concluding that the
7 conspiracy was still ongoing on November 24, and 25, 2014, based on Gross’s
8 continued involvement with Kapcharge and Gross’s continued efforts to obstruct
9 the NCUA’s examination of the credit union. Therefore, it was not error to admit
10 the statements.

11 c. Limitation on the Examination of Agent Beyer

12 Next, both Gross and Lebedev contend that the district court improperly
13 restricted their examination of a defense witness, Special Agent Emily Beyer of the
14 United States Secret Service.

15 At trial, the government called Jose Freundt, an employee of Coin.mx, as a
16 cooperating witness. On cross-examination, Freundt testified about his July 2015
17 meeting with Agent Beyer concerning the government’s investigation into

1 Coin.mx. He testified that, at this meeting, Agent Beyer had told him Coin.mx
2 was going to be shut down. When Freundt stated that Coin.mx still owed him
3 compensation, Agent Beyer, according to Freundt, stated that he should
4 “withdraw [his] salary [from a Coin.mx account] and actually give [him]self a nice
5 little bonus.” App’x 1913.

6 The defense sought to impeach Freundt’s credibility by attacking the
7 truthfulness of this testimony. After Freundt testified, Agent Beyer told the FBI
8 that she would not have instructed Freundt to take any money from Coin.mx.
9 Her statement was memorialized in an FBI report that was produced to defense
10 counsel.

11 The district court then allowed Gross to call Agent Beyer as a witness and
12 question her “in a very tailored and narrow way” to help the jury determine
13 “whether a key cooperating witness testified falsely.” App’x 3004. Agent Beyer
14 testified that, while she did not recall the conversation, she would never have told
15 Freundt to take a salary or bonus to which he was not entitled. However, she
16 also stated that she told Freundt that Coin.mx was not being shut down at that
17 point and that he was permitted to continue operating the business.

1 Defense counsel sought to ask Agent Beyer about her prior statement to the
2 FBI, arguing that it contradicted her testimony, and to use the FBI report to refresh
3 her recollection about whether Coin.mx was being shut down. The district court
4 disallowed that questioning, finding no contradiction between Agent Beyer's
5 testimony and her prior statement and concluding that such questions would be
6 irrelevant to whether Freundt had lied in his testimony.

7 We review a district court's limitation on the scope of examination of
8 witnesses for abuse of discretion. *In re Peters*, 642 F.3d 381, 389 (2d Cir. 2011) (per
9 curiam). "As long as a defendant's right to confront the witnesses against him is
10 not violated" a district court's decision to limit examination is not grounds for
11 reversal. *United States v. Roldan-Zapata*, 916 F.2d 795, 806 (2d Cir. 1990). In
12 particular, questioning is not "improperly curtailed if the jury is in possession of
13 facts sufficient to make a discriminating appraisal of the particular witness's
14 credibility." *Id.* (internal quotation marks omitted).

15 The district court did not abuse its discretion by restricting defense counsel's
16 questioning of Agent Beyer. Freundt testified that Agent Beyer instructed him to
17 pay himself salary and a bonus from Coin.mx's account. The purpose of calling

1 Agent Beyer was to impeach Freundt's testimony, and Agent Beyer unequivocally
2 testified that she would not have instructed him to do this. Agent Beyer's
3 statement to the FBI that she had not told Freundt to take money from Coin.mx's
4 account does not contradict her testimony, and the court reasonably concluded
5 that it was not necessary for the jury to learn of this statement to evaluate either
6 Freundt's or Agent Beyer's credibility. We also agree with the district court that
7 it was not necessary to clarify whether Coin.mx was being shut down for the jury
8 to determine whether Freundt had testified truthfully about Agent Beyer's
9 suggestion to take money from the Coin.mx account.

10 d. Testimony about Insider Loans

11 Gross next contends that the government offered prior act evidence under
12 Federal Rule of Evidence 404(b) without providing the required notice.
13 Specifically, Gross points to testimony by two NCUA examiners that insider loans
14 were taken out by Hope Cathedral, Gross, and a board member to cover negative
15 share balances in the church's account at HOPE FCU. The district court
16 overruled Gross's objection, finding that the testimony provided direct evidence
17 of the crimes with which Gross had been charged.

1 Rule 404(b) allows evidence of a “crime, wrong, or other act” to be admitted
2 if relevant, so long as it is not used as evidence of a character trait and that a person
3 acted in conformity with that trait on a particular occasion. Fed. R. Evid. 404(b).
4 The government must give “reasonable notice” to the defendant that it is offering
5 prior act evidence under this Rule. Fed. R. Evid. 404(b)(2)(A). However, Rule
6 404(b) does not encompass acts that “arose out of the same transaction or series of
7 transactions as the charged offense,” are “inextricably intertwined with the
8 evidence regarding the charged offense,” or are “necessary to complete the story
9 of the crime on trial.” *United States v. Carboni*, 204 F.3d 39, 44 (2d Cir. 2000)
10 (internal quotation marks omitted).

11 Here, Gross was charged with conspiring to accept bribes as an officer of the
12 credit union and disguising those bribes as “donations” to the Hope Cathedral
13 account. The government’s theory was that Gross used money from the Hope
14 Cathedral account for his personal expenses, a theory he contested at trial. The
15 jury was free to consider the challenged testimony to establish that Gross both
16 deposited his own money into the account and received money from it personally.

1 Thus, this evidence was “necessary to complete the story of the crime[s] on trial.”
2 *See id.* (internal quotation marks omitted).

3 Accordingly, the district court did not abuse its discretion in concluding that
4 this was not Rule 404(b) evidence and that the government was therefore not
5 subject to the Rule’s notice requirement.⁶

6 2. *Constructive Amendment or Variance of the Indictment*

7 Gross next contends that the evidence at trial so differed from the conduct
8 for which he was indicted that it constructively amended the indictment.
9 Specifically, Gross points to the indictment’s omission of any mention of
10 Kapcharge and its ACH transaction processing through HOPE FCU.

11 We review *de novo* a properly preserved claim that an indictment was
12 constructively amended or prejudicially varied. *United States v. Dove*, 884 F.3d
13 138, 146, 149 (2d Cir. 2018).

⁶ To the extent Gross argues that this evidence was used substantively for an impermissible “propensity” purpose, we reject this argument. To support his contention, Gross notes that the government referred to these loans as additional deceitful conduct for the court to consider at sentencing. But the purpose for which the evidence was used at sentencing is irrelevant to the purpose for which it was admitted at trial.

1 “A constructive amendment occurs when the charge upon which the
2 defendant is tried differs significantly from the charge upon which the grand jury
3 voted.” *Id.* at 146. To succeed on such a claim, a defendant must demonstrate
4 that “the proof at trial or the trial court’s jury instructions so altered an *essential*
5 *element* of the charge that, upon review, it is uncertain whether the defendant was
6 convicted of conduct that was the subject of the grand jury’s indictment.” *Id.*
7 (internal quotation marks omitted). We have “consistently permitted significant
8 flexibility in proof, provided that the defendant was given *notice* of the *core of*
9 *criminality* to be proven at trial.” *United States v. D’Amelio*, 683 F.3d 412, 417 (2d
10 Cir. 2012) (internal quotation marks omitted).

11 Gross was charged with receiving corrupt payments as an officer of a
12 financial institution with the intent to be influenced in violation of 18 U.S.C.
13 § 215(a)(2), as well as conspiracy to violate § 215(a), to make false statements to the
14 executive branch in violation of 18 U.S.C. § 1001, and to obstruct the examination
15 of a financial institution in violation of 18 U.S.C. § 1517. The conduct set forth in
16 the indictment consists of Gross’s agreement with Murgio, Lebedev, and the other
17 Coin.mx agents to transfer control of the credit union in exchange for over

1 \$150,000, including the \$120,000 payment that the government later proved came
2 from Kapcharge. The indictment further details Gross's efforts to mislead the
3 NCUA about that transfer of power and about the credit union's financial health.

4 At the end of the trial, the district court instructed the jury as follows:

5 Count One charges Yuri Lebedev and Trevon Gross with conspiring
6 with others, from in or about April 2014 to in or about 2015, to achieve
7 four unlawful objectives in an effort to further the operations of
8 Coin.mx or the Collectables Club: Number one, to make corrupt
9 payments to Trevon Gross with the intent to influence Trevon Gross
10 in connection with the business of HOPE FCU; number two, to have
11 Trevon Gross receive or agree to receive corrupt payments with the
12 intent to be influenced in connection with the business of HOPE FCU;
13 number three, to obstruct an examination of HOPE FCU by the
14 NCUA; and number four, to make false statements to the NCUA in
15 connection with the NCUA's examinations of HOPE FCU.

16 App'x 3947.

17 No constructive amendment occurred. The jury instructions described a
18 conspiracy substantially the same as the one charged in the indictment.
19 Moreover, the evidence at trial directly addressed the core of criminality charged
20 in the indictment: Gross's conspiracy with Coin.mx to transfer control of the
21 credit union in exchange for bribes and to evade the NCUA's scrutiny thereafter.
22 The evidence and testimony about Kapcharge merely elaborated on how the

1 bribery conspiracy was accomplished; namely, that Murgio enlisted Kapcharge to
2 pay the bulk of the bribes in exchange for access to a financial institution through
3 which it could process ACH transactions.⁷

4 Gross contends, in the alternative, that the evidence about Kapcharge
5 constituted a prejudicial variance from the conduct charged in the indictment.

6 “A variance occurs when the charging terms of the indictment are left unaltered,
7 but the evidence at trial proves facts materially different from those alleged in the
8 indictment.” *Dove*, 884 F.3d at 149 (internal quotation marks omitted).

9 “[R]eversal is only warranted for a variance if the defendant shows both: (1) the
10 existence of a variance, and (2) that substantial prejudice occurred at trial as a
11 result.” *Id.* (internal quotation marks omitted).

12 Gross contends he was prejudiced by the introduction of evidence about
13 Coin.mx’s conspiracy to operate an illegal Bitcoin exchange. But this evidence
14 does not constitute a variance because Coin.mx’s illegal Bitcoin exchange was
15 charged in the indictment. Gross also argues the evidence about Kapcharge

⁷ There was also no constructive amendment as to the misrepresentations to the NCUA. The misrepresentations presented to the jury were well within the allegations of obstruction in the indictment.

1 prejudiced him due to “unfair surprise” at trial because it involved alleged
2 regulatory violations not identified in the government’s bill of particulars. But
3 this was not unfairly and substantially prejudicial. The government disclosed the
4 evidence and exhibits concerning Kapcharge four weeks prior to trial, and much
5 of this proof was the subject of motions in limine.

6 3. *Witness Intimidation*

7 Gross next contends that the government violated his right to present
8 witnesses by intimidating other HOPE FCU employees to prevent them from
9 testifying for him.

10 A group of former HOPE FCU board members and employees retained a
11 single attorney to represent them in matters relating to this case. On March 1,
12 2017, the district court and counsel discussed which of the former board members
13 Gross wished to call as witnesses. The purpose of that discussion was to
14 determine whether any of those individuals were on the government’s list of board
15 members with potential criminal exposure, and thus would need independent
16 representation to ensure counsel did not have conflicts. Gross’s counsel asked if
17 a person named Loretta Larkins was on the list. Although counsel for the

1 government initially indicated that she was, counsel almost immediately corrected
2 this, saying, “[s]orry, I’m getting confused. Bernard Larkins. Loretta Larkins is
3 not a board member.”⁸ App’x 2390.

4 The same day, the court ordered a hearing for March 3, 2017, requiring
5 former board members who were potential witnesses to appear in court to consult
6 with court-appointed counsel, and, if necessary, participate in a hearing to resolve
7 whether their counsel had conflicts in representation. Despite the court’s order,
8 none of the former board members attended the March 3 hearing or indicated they
9 were willing to testify.

10 On March 3, 2017, Gross indicated that he intended to call Loretta Larkins
11 as a witness because, as bookkeeper for Hope Cathedral, she could testify about
12 the separation between Gross’s personal expenses and church expenses. The
13 government recommended that Larkins would need independent counsel because
14 she may have criminal liability, explaining that if Larkins testified about the
15 church’s payments for Gross’s personal expenses, the government would cross-
16 examine her on whether she reported these payments on tax returns she prepared

⁸ Bernard Larkins was a member of the Board.

1 for Gross. The district court appointed independent counsel for Loretta Larkins.
2 Ultimately, she did not testify.

3 To demonstrate a due process violation based on the government's
4 intimidation of witnesses, the defendant must show three elements: (1) "that he
5 was deprived of material and exculpatory evidence that could not be reasonably
6 obtained by other means," (2) "bad faith on the part of the government," and (3)
7 that "the absence of fundamental fairness infected the trial." *United States v.*
8 *Williams*, 205 F.3d 23, 29 (2d Cir. 2000) (internal quotation marks omitted). The
9 standard of review for such a decision on appeal is clear error. *United States v.*
10 *Pinto*, 850 F.2d 927, 932 (2d Cir. 1988).

11 Gross's due process claim is meritless. First, Gross failed to show that
12 Larkins was unable to testify because of government "intimidation," thus
13 depriving him of material and exculpatory evidence. The government's only
14 concern was that she be properly represented by unconflicted counsel. That
15 legitimate concern did not prevent Gross from calling Larkins to testify. Nor
16 does Gross show that the government acted in bad faith. The government's
17 concern about former HOPE FCU board members' and employees' potential

1 criminal exposure arose in the context of determining whether the attorney for
2 Hope FCU could represent them all without a conflict of interest, and the court
3 order notifying them of the March 3 hearing addressed this concern. Although
4 Gross contends that the government implicitly held the threat of prosecution over
5 the former board members and Larkins to dissuade them from testifying, there is
6 no evidence that the government's concern about their potential criminal exposure
7 was designed to prevent Gross from calling witnesses in his defense.

8 Gross contends that the government acted in bad faith when it apparently
9 changed its position about Larkins's criminal exposure between March 1 and
10 March 3, 2017. The record does not support any such suggestion. On March 1,
11 the government represented that Larkins was not on the list of board members
12 with potential criminal exposure based on their knowledge of the payments to
13 Hope Cathedral, because Larkins was not a board member. On March 3, the
14 government represented that Larkins may have criminal exposure on a different
15 basis—namely, that her anticipated testimony about Hope Cathedral's payments
16 to Gross could expose her to criminal liability if it did not match the tax forms she
17 had prepared on Gross's behalf.

1
2 Because we find no error in the district court’s evidentiary and
3 constitutional rulings, we also reject Gross’s contention that the cumulative effect
4 of the court’s errors was to deprive him of a fair trial. We affirm both Gross’s and
5 Lebedev’s convictions.

6 4. *Gross’s Sentence*

7 Finally, Gross challenges several aspects of his sentence. On November 16,
8 2017, Gross was sentenced principally to 60 months’ imprisonment and three years
9 of supervised release.

10 a. Appropriateness of Sentencing Enhancements

11 “We review the district court’s interpretations of the Sentencing Guidelines
12 de novo and its related findings of fact for clear error.” *United States v. Cain*, 671
13 F.3d 271, 301 (2d Cir. 2012).

14 Gross first argues that the district court erred in applying a 4-level
15 leadership enhancement under U.S.S.G. § 3B1.1 for “an organizer or leader of a
16 criminal activity that involved five or more participants or was otherwise
17 extensive.” U.S.S.G. § 3B1.1(a). The guidelines “only require that the defendant

1 be an organizer or leader of one or more of those participants for the section
2 3B1.1(a) enhancement to be appropriate.” *United States v. Si Lu Tian*, 339 F.3d 143,
3 156 (2d Cir. 2003). Gross contends that the government failed to show that he
4 was an organizer or leader.

5 At sentencing, the district court concluded that Gross supervised at least one
6 other individual who processed ACH transactions, that he remained the chairman
7 of the credit union even after the Coin.mx board members were elected, that he
8 never relinquished his influence over the credit union, and that he was able to
9 expel the Coin.mx agents from the credit union. Moreover, the court noted that
10 Gross met repeatedly with the NCUA throughout the course of the conspiracy.

11 These factual findings by the district court are not clearly erroneous. As
12 discussed above, the evidence at trial demonstrated that Gross was essential to the
13 conspiracy to transfer control of the credit union to Coin.mx and to mislead the
14 NCUA about that transfer of power.

15 Next, Gross contends that the district court erred in applying an
16 enhancement under U.S.S.G. § 2B4.1 for commercial bribery that “substantially
17 jeopardized the safety and soundness of a financial institution.” U.S.S.G.

1 § 2B4.1(b)(2)(B). A financial institution is considered “substantially
2 jeopardized,” if it “became insolvent” or “was placed in substantial jeopardy” of
3 becoming insolvent. U.S.S.G. § 2B4.1 cmt. n.5.

4 The district court concluded at sentencing that Kapcharge’s ACH
5 transactions created a substantial risk of insolvency because, among other reasons,
6 HOPE FCU was severely undercapitalized to support these transactions. This
7 conclusion by the district court is also not clearly erroneous. Indeed, the evidence
8 at trial demonstrated that Gross himself believed HOPE FCU had insufficient
9 capitalization to support the volume of transactions that Kapcharge was
10 processing.

11 Next, Gross challenges the district court’s imposition of a two-level
12 enhancement under U.S.S.G. § 3B1.3 for an abuse of a position of trust by use of a
13 special skill “in a manner that significantly facilitated the commission or
14 concealment of the offense.” U.S.S.G. § 3B1.3. A position of trust “is held by
15 one who was accorded discretion by the victim and abused a position of fiduciary
16 or quasi-fiduciary status.” *United States v. Huggins*, 844 F.3d 118, 124 (2d Cir.
17 2016).

1 At sentencing, the district court determined that, among other things, Gross
2 abused his position of trust toward the members of his credit union by allowing
3 bribery payments to influence him to make decisions that jeopardized the credit
4 union’s financial health. This finding was not clearly erroneous. As discussed
5 above, Gross’s decision to allow Kapcharge to continue processing high volumes
6 of ACH transactions put the credit union at significant risk of insolvency, which
7 could have negatively affected the members.

8 b. Restitution Order

9 Finally, Gross challenges the district court’s order of restitution requiring
10 him to pay \$126,771.82 to the NCUA for the losses it incurred following the
11 liquidation of HOPE FCU. We review orders of restitution for abuse of
12 discretion. *United States v. Boccagna*, 450 F.3d 107, 113 (2d Cir. 2006). “To
13 identify such abuse, we must conclude that a challenged ruling ‘rests on an error
14 of law, a clearly erroneous finding of fact, or otherwise cannot be located within
15 the range of permissible decisions.’” *Id.* (quoting *United States v. Gonzalez*, 420
16 F.3d 111, 120 (2d Cir. 2005)).

17 The district court ordered restitution pursuant to 18 U.S.C. § 3663

1 and § 3663A. Gross's sole argument is that the NCUA's losses were caused in
2 large part by conduct postdating the conspiracy for which he was convicted—
3 namely, the credit union's continued processing of ACH transactions for
4 Kapcharge.

5 At sentencing, in imposing restitution for NCUA's total losses, the district
6 court found that,

7 but for the bribery, which involved KapCharge, and pursuant to
8 which Mr. Murgio and the Collectables Club facilitated unsafe
9 volumes of ACH transactions at the credit union, the credit union
10 would not ultimately have adopted a business model relying on fees
11 from ACH transactions, would not have partnered with KapCharge
12 and implemented unsafe ACH processes, would not have ended up
13 in a state where all of its directors were ethically compromised, and
14 would not have adopted a model incurring high and unsustainable
15 operating costs. Additionally, I find that, but for the obstruction and
16 false statement objects, the bribery would have been discovered,
17 which would have both ended unsafe practices earlier and prevented
18 the continuation of Gross and KapCharge's relationship, such
19 discovery could have prevented the losses the NCUA ultimately
20 sustained.

21 App'x 4059-60. These findings are not clearly erroneous. The district court was
22 well within its discretion to conclude that HOPE FCU's financial difficulties
23 proximately flowed from Coin.mx's bribery of Gross and the related processing of
24 Kapcharge transactions.

1 **III. Conclusion**

2 For the foregoing reasons, we **AFFIRM** the judgments of the district court.