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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Trial Witness Says US Agent Told Him To Grab Coin.mx Cash

By **Pete Brush**

Law360, New York (March 1, 2017, 7:20 PM EST) -- A witness in the bitcoin-exchange bribery and fraud trial of New Jersey pastor Trevon Gross and tech expert Yuri Lebedev drew concern Tuesday from U.S. District Judge Alison M. Nathan, after testifying that a U.S. Secret Service agent suggested he extract money from the Coin.mx exchange before it was shut down.

The unusual testimony in Manhattan came from Jose Freundt, a friend of Coin.mx operator Anthony Murgio's who was in on Murgio's failed plan to take over the pastor's small Helping Other People Excel Federal Credit Union to facilitate bitcoin-dollar exchanges.

Freundt and Murgio have admitted guilt. Gross is charged with accepting bribes to let Lebedev, Murgio and others take control of Hope FCU so that Coin.mx — via an antiques front called Collectables Club — could process bitcoin-dollar exchanges without scrutiny from outside banks.

After **testifying Monday against** Gross and Lebedev, Freundt told Lebedev's counsel during cross-examination Tuesday that sometime in 2014, before Murgio was arrested, Secret Service Agent Emily Beyer told Freundt to pull money out of Coin.mx.

"[Y]ou're saying that that was something that a special agent of the Secret Service told you?" Lebedev's attorney Eric. M. Creizman of Creizman PLLC asked.

"She suggested it," Freundt said.

"And you told the government this?" Creizman asked.

"Yes," said Freundt, who explained he believed he was owed salary by Murgio and, acting on Beyer's alleged tip, took out \$10,000 before Coin.mx was busted.

"And the government didn't say, 'Give back that money,' right?" Creizman asked

"No," Freundt said.

A short time later, out of the presence of the jury, Judge Nathan demanded an explanation from prosecutors about Freundt's assertion about Beyer, who did not testify in the trial.

"I admit my mind was reeling when I heard it," Judge Nathan said.

Federal prosecutor Eun Young Choi told the judge that the assertion was "Mr. Freundt's position" and that the Secret Service was looking into the matter.

Beyer was said to be on a personal leave of absence from the Secret Service, but her exact current status was unclear. A request for comment from the Secret Service was not immediately returned.

"I think this was conversation that happened between an investigating officer and Mr. Freundt, which Mr. Freundt interpreted and has testified to as giving him the authority in his mind," Choi told the judge.

After a lengthy back and forth, during which prosecutor Daniel Noble told Judge Nathan that there was no basis to conclude that Freundt was inventing the story out of nothing, Judge Nathan cautioned that such a statement by a U.S. agent could raise questions about the integrity of the trial.

"I think there might be separate questions about what the government's obligations are with respect to this agent and what has occurred," Judge Nathan said.

After that discussion, Noble returned to the issue in front of the jury, asking Freundt about money he will ultimately have to pay back, including presumably the \$10,000 extracted from Coin.mx.

"What is your understanding as to what will happen at the time of sentencing?" Noble asked.

"The court will determine how much money I have to return," Freundt said.

The trial is expected to last through next week.

The prosecution is represented by Eun Young Choi, Daniel S. Noble and Won S. Shin of the U.S. Department of Justice.

Lebedev is represented by Eric M. Creizman and Melissa Madrigal of Creizman PLLC. Gross is represented by Kristen M. Santillo and Henry E. Klingeman of Krovatin Klingeman LLC.

The case is U.S. v. Murgio et al., case number 1:15-cr-00769, in the U.S. District Court for the Southern District of New York.

--Editing by Edrienne Su.

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