

Ex-Olympic Skater May Get Bail In Virus Loan Fraud Case

By **Max Jaeger**

Law360 (October 14, 2021, 2:54 PM EDT) -- A New York federal judge said Thursday he'd grant bail for a Slovenian former Olympic figure skater charged with defrauding the federal COVID-19 economic relief program if the former coach guaranteeing the release package acknowledges the risks of backing someone from a country with no extradition.

Senior U.S. District Judge Alvin K. Hellerstein acknowledged 1992 Winter Olympics figure skater Luka Klasinc's proposed bail conditions, which also included letting the feds tap his phone, were likely extensive enough to keep him state-side.

The judge also noted that the case might not see trial for a year and a half due to COVID-19-related court delays, and cited deteriorating conditions at the Metropolitan Detention Center where Klasinc is being held after pleading not guilty in July.

But the judge wanted assurances that Klasinc's longtime friend and former coach Bob Knox knew what he was getting into by offering his home and savings to back the ex-skater's \$1 million bond.

"With these conditions, Mr. Klasinc is likely to remain here. It's not likely he's going to cheat on a 35-year friend who's putting up his life savings and his home," Judge Hellerstein said. "I'm not going to decide today, but if a satisfactory affidavit from Mr. Knox is presented ... I would be favorably inclined to set the bail conditions as proposed."

Klasinc lawyer Jeffrey Lichtman assured the judge that "Bob Knox's entire family, who loves [Klasinc] like a son, will be completely wiped out" if the figure skater jumps bail.

Reached by phone Thursday, Knox, who now runs a mail-order swan business in Illinois, told Law360 he was unable to comment.

"We're catching live swans, can you call me back in five minutes?" he said. Subsequent calls were not immediately returned.

In a letter to the court filed on Monday, Knox said Klasinc is "the only friend, that is not a relative, that I unconditionally trust and cherish."

"Based on knowing the man Luka is, he would never flee once he is released from his detention. He wants to prove his innocence, and I am guaranteeing he will not flee," the letter continued.

But on Thursday, prosecutor Ashley Carolyn Nicolas argued Judge Hellerstein would be skating on thin ice in freeing the Slovenian national because he could find "safe haven" with family in the Central European republic, which does not extradite.

"Your argument is very strong that his connection with the U.S. is hardly anything," the judge said. "However, putting against that, he's facing a complicated set of charges where cooperation between attorney and client will be very important. And the conditions spelled out about the MDC are certainly true."

Lichtman said the troubled Brooklyn lockup has looked more like a "third-world" prison since Manhattan's crumbling MCC was closed and MDC took on its charges.

The judge also acknowledged that a dearth of courtrooms in the age of COVID-19 meant the case would likely not go to trial for another 18 months, and Lichtman pointed out that the intervening months might eclipse Klasinc's potential sentence if he cuts a deal.

"We may have to plead guilty just to get him a time-served sentence," Lichtman quipped.

And if Klasinc does flee, he'd be "trapped in Slovenia for the rest of his life" with an Interpol Red Notice hanging over his head, the defense argued.

Lichtman said Klasinc's family in Slovenia would put up \$2,000 to \$3,000 a month toward an apartment in Manhattan or the Bronx for Klasinc to stay in while the case plays out, and Judge Hellerstein said the source of the funds is also "certainly something that has to be looked at."

Klasinc, who owns a company that stages ice-themed events around the world, was **arrested in June** and charged with bank fraud and aggravated identity theft in connection with an alleged scheme to fraudulently obtain Economic Injury Disaster Loans from the U.S. Small Business Administration and then wire the funds overseas.

Klasinc allegedly submitted 11 fraudulent applications in July and August for Economic Injury Disaster Loan funds, which were authorized by the Coronavirus Aid, Relief and Economic Security Act in March 2020 to help small businesses keep up with payments during the pandemic.

Lichtman told Law360 in a statement Thursday that they are "pleased that the court recognized that Luka is eminently bailable and that conditions exist which will ensure that he return to court."

"This is a \$1.5 million fraud case, and I've gotten bail in the Southern District for foreign nationals with no New York ties who were lead defendants in multibillion-dollar fraud cases," he said. "If Luka is not let out on bail, he may end up serving his full sentence before even appearing for sentencing, and that would be wholly unfair and unjust."

During the hearing, Lichtman pointed out he got bail for Konstantin Ignatov after the Bulgarian national's guilty plea and cooperation agreement related to the \$4 billion OneCoin Ponzi Scheme. Nicolas, however, reminded the court Thursday that Bulgaria's extradition treaty with the U.S. rendered Klasinc's situation too different.

The government declined to comment following the hearing.

The government is represented by Ashley Carolyn Nicolas and Andrew Jones of the U.S. Attorney's Office for the Southern District of New York.

Klasinc is represented by Jeffrey Harris Lichtman and Jason Goldman of the Law Offices of Jeffrey Lichtman.

The case is U.S. v. Klasinc, case number 1:21-cr-00443, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Rachel Scharf. Editing by Philip Shea.