

**IN BRIEF**

**Governor Won't Have Judges Certify Workday**

Gov. Andrew Cuomo no longer wants the state comptroller to audit the judiciary, agreeing instead to have Chief Judge Janet DiFiore deal with any performance issues.

DiFiore assured the governor that intervention wasn't necessary.

"Because of these discussions, we do remain confident that steps will be taken as part of the Excellence Initiative to make sure judges perform a full day's work. Obviously this is an issue we're still very much interested in and we'll be monitoring progress," Cuomo spokesman Rich Azzopardi said.

When Cuomo unveiled his \$168.2 billion budget in his address to the Legislature in January, he included a proposal to increase the judiciary's budget by 2.5 percent if judges would certify that their courtrooms will remain open until 5 p.m. daily in an effort to cut backlogs.

The proposal was unpopular with the judiciary, and Chief Administrative Judge Lawrence Marks said requiring judges to be at work at least eight hours a day is an "unusual proposal" and "unnecessary."

The New York state Senate

and Assembly also didn't support the governor's proposal, saying in March that they would not include such a provision in their budget bills.

"These are professional people, we shouldn't treat them like schoolkids," state Sen. John Bonacic, an Orange County Republican who chairs the chamber's Judiciary committee, said in an interview with the New York Law Journal. "Their jobs are not easy, and we aren't prepared to demean them in any way from the important work they do."

Lucian Chalfen, director of public information for the Office of Court Administration, said the judiciary welcomed the governor's decision to allow the judiciary to monitor itself.

"We appreciate the governor's confidence in the chief judge and her Excellence Initiative, which directly addresses the efficiency of court operations and the reduction of case backlogs," Chalfen said. "Delivering justice in a timely fashion involves the tireless work of both judicial and non-judicial personnel and should someone fall short, they will be held accountable."

—Susan DeSantis

**Salaries of NY State Judges Increase for Third Year**

The salaries of New York state Supreme Court justices were raised to \$208,000 on April 1, putting them on par with federal court judges.

It was the third year of raises recommended by the Commission on Legislative, Judicial and Executive Compensation. The salaries of Supreme Court justices were raised in 2016 to \$193,000, in 2017 to \$194,900 and then to \$208,000 this year. There will be a cost-of-living adjustment next year if necessary.

The rest of the judges of the state's Unified Court system also received similar raises on April 1. For example, the pay of criminal and civil court judges was increased to \$193,500, up from \$181,300.

Under the law establishing the commission, its recom-

mendations automatically go into effect unless the governor or Legislature alters the plan before April 1.

—Susan DeSantis

**SEC Takes Action Against Aegis Capital, 2 Officers**

In the latest example of regulators' growing tendency to focus on compliance officers, the U.S. Securities and Exchange Commission has accused two former COs of aiding and abetting anti-money laundering violations at New York brokerage firm Aegis Capital Corp.

The SEC last week also cited the company and its CEO in cease and desist » Page 4

**Ex-Skadden Associate Gets 30-Day Jail Sentence for Lying To Mueller's Team »2**

**DECISIONS OF INTEREST**

**First Department**

**REAL ESTATE: Failure to send notice revoking tax benefits to petitioner's counsel violates due process.** *The Grand 73 LLC v. N.Y.C. Hous. Pres. & Dev., Supreme Court, New York.*

**LANDLORD TENANT LAW: HPD denied dismissal of motion of pending eviction proceeding, ordered to**

**U.S. Courts**

**INSURANCE LITIGATION: Doctor's payment suit, removed under ERISA, not remanded; claims implicate plan coverage.** *Salzberg v. Aetna Ins. Co., SDNY.*

**DAMAGES: Market price for tires reasonable; 'margin' fee is interest**

**Founders of Cryptocurrency Tech Company Face Fraud Charges**

BY COLBY HAMILTON

TWO heads of a tech company that raised tens of millions through an initial coin offering for what was sold as the world's first multi-blockchain debit card now face federal civil and criminal charges for allegedly defrauding investors.

Sohrab Sharma and Robert Farkas, identified by officials as the co-founders of Centra Tech Inc., were charged with securities and

According to federal officials, Sharma and Farkas issued a fraudulent ICO that raised at least \$32 million from thousands of investors. The funding was supposed to build a suite of financial products, such as the debit card investors who were told would be backed by Visa and Mastercard. The card would allow instantaneous conversion of cryptocurrencies into U.S. dollars and other forms of government-backed legal tender. The ICO was promoted by boxing champion Floyd Mayweather and music producer DJ Khaled.

Federal authorities said that Farkas had made flight reservations to leave the United States but was arrested before he was able to board his flight.

"As alleged, Sohrab Sharma and Robert Farkas took advantage of widespread investor interest in the rapidly growing cryptocurrency market to raise millions of dollars in investments in startup company based on a false sales pitch," Deputy U.S. Attorney Robert Khuzami of the Southern District of New York said in a statement. "While the cryptocurrency industry may be a new frontier, it is subject to the same laws against investor fraud as any other type of company."

According to prosecutors, Centra Tech began adver- » Page



Co-founders of Centra Tech Inc., Robert Farkas, left, and Sohrab Sharma

wire fraud by the U.S. Securities and Exchange Commission, and securities and wire fraud charges by the Justice Department. The charges were filed in the U.S. District Court for the Southern District of New York. The pair were arrested in Florida on Sunday, and appeared before the local district court on Monday.



An Embraer SA E190-E2 aircraft

**Class Action Defeat Highlights Uphill Path in Securities Suits**

BY COLBY HAMILTON

A RECENT win by Skadden, Arps, Slate, Meagher & Flom in defeating a class action suit against Brazilian aerospace conglomerate Embraer, which acknowledged global bribery allegations as part of a deferred prosecution agreement with U.S. investigators in October 2016, served as a good snapshot of the recently evolved set of challenges faced by those seeking to bring a federal class securities action in

the Southern District of New York. In *Employees Retirement System of the City of Providence Embraer*, 16-cv-06277, the plaintiffs, represented by Pomeran alleged the company and its officers violated a number of securities laws and rules. The source of the violations during the class period from early January 2012 to late November 2016 centered on Embraer's violation of the Foreign Corrupt Practices Act.

The company would admit in October 2016 that, » Pa

**Restaurant Operator Agrees to \$51**