

10-17-2018

Law School News: Does Indictment Mean Correia Will Likely Be Forced To Resign? Law School Dean Says 'Wait A Week' 10/17/2018

Michael Holtzman
Fall River Herald News

Roger Williams University School of Law

Follow this and additional works at: https://docs.rwu.edu/law_archives_life

 Part of the [Banking and Finance Law Commons](#), [Commercial Law Commons](#), [Criminal Law Commons](#), [Law and Politics Commons](#), [State and Local Government Law Commons](#), and the [Taxation-Federal Commons](#)

Recommended Citation

Holtzman, Michael and Roger Williams University School of Law, "Law School News: Does Indictment Mean Correia Will Likely Be Forced To Resign? Law School Dean Says 'Wait A Week' 10/17/2018" (2018). *Life of the Law School (1993-)*. 649.
https://docs.rwu.edu/law_archives_life/649

This Article is brought to you for free and open access by the Archives & Law School History at DOCS@RWU. It has been accepted for inclusion in Life of the Law School (1993-) by an authorized administrator of DOCS@RWU. For more information, please contact mwu@rwu.edu.

October 17, 2018

Interview with Dean Yelnosky on the arrest of Fall River's mayor as it appeared in the Fall River Herald News.

Law School News: Does indictment mean Correia will likely be forced to resign? Law school dean says 'wait a week'

By [Michael Holtzman](#)
Herald News Staff Reporter

FALL RIVER — Federal officials announced a 20-page indictment of 13 felony wire and tax fraud charges Thursday morning after arresting second-term Mayor Jasiel Correia II.

Several hours later, after his arraignment and release on \$10,000 unsecured bond in U.S. District Court in Boston, the 26-year-old mayor shifted from the press conference his staff said would happen just outside his office in Government Center that day.

Instead, with a half-dozen TV cameras plus other media assembled, the staff passed out a half-page Correia statement that said: "I want to state, unequivocally, that I am innocent of all the allegations and charges made against me today."

While it could be nearly another two months at a scheduled Dec. 6 status hearing to learn parts of the defense side to these charges that by law could carry many years in prison, particularly for the wire fraud charges, *The Herald News* sought out a neutral assessment from the Roger Williams University School of Law.

Michael Yelnosky, Roger Williams University School of Law dean and founder of the law faculty, has been teaching law for approximately 30 years and regularly comments with the media on legal issues, he said. He's considered an expert in employment and labor law.

He agreed to assess and highlight aspects of the federal government's case charging Correia with nine counts of transmitting wire communications fraud in interstate commerce and four counts of filing false tax returns for calendar years 2013 and 2014.

All the charges are related to Correia developing “a business app (called SnoOwl) designed to connect local businesses with their target audiences,” while defrauding seven investors of their money who expected equity in a company the government now says is “worthless.”

“In some ways that scheme is pretty accessible and straight forward: Raise money from investors for something I don’t plan to do,” Yelnosky said.

The indictment claims Correia obtained \$363,690 between approximately January 2013 and May 2017 from those investors, and used nearly two-thirds of it, or \$231,447, “to fund his own lavish lifestyle, burgeoning political career and the needs of his other business ventures.”

He was initially a city councilor those first two years and the mayor for the subsequent 2½ years, although there have been no allegations of fraud related to his political roles.

Yelnosky referenced the bank transactions and emails related to investments he received for “using instruments of interstate commerce.” The combination of a wire transmission and interstate commerce “makes it a federal crime,” he said.

In this case, he said, there were nine counts. The indictment lists processing of six checks by wire in 2014-2015: two for \$25,000 each, one for \$20,000, one for \$6,000, one for \$5,000 and one for \$4,500. The other three counts pertain to Correia emails to investors showing a SnoOwl business plan and with signed investor agreements or their equity stakes.

Asked about Correia’s political standing, Yelnosky said, “That he is or was or hoped to be a public official has absolutely nothing to do with proving these allegations. This is wire fraud. This is not prosecution of using his public position.”

However, when Yelnosky was asked if the fact Correia is a public official — and a high-profile one at that who’s received national attention as a seemingly wunderkind mayor even before the attention of his arrest — might play a role in this prosecution, the law professor said: “That’s an interesting question.”

While not versed during this lengthy conversation Friday on the U.S. Attorney’s Office stance on this case, Yelnosky said that office and the FBI decides who to prosecute. If they say with the limited resources of their offices they chose to focus on, for instance, guns and opioids crimes or public corruption, “that’s a completely legitimate and common thing to say,” he said.

Could that have been what happened here?

“I think it’s possible” they “would not prosecute” if Correia was not the mayor, Yelnosky said.

“If the allegations are accurate and turn out to be true, this is pretty egregious. This is stealing their money. Without sticking your hand in their pocket, this is a way he decided he could get it,” Yelnosky said.

“On the other hand,” he said, “there are bigger fraud schemes.” The \$200,000 to \$300,000 “is not chump change, but they’re not alleging a massive, widespread type of fraud ... It seemed like a pretty small group of people that he knew.

“He didn’t take it from strangers,” Yelnosky noted.

The story line of the federal government’s indictment says Correia obtained as an appearance for investing in SnoOwl \$145,000 from a Massachusetts orthodontist, \$50,000 from a Rhode Island small business owner and \$25,000 each from two other small business persons, one living in southeastern Massachusetts and the other living in Massachusetts and Florida.

The fraud case claims he told investors their funds would not be used for any salary Correia would take or personal use. However, it says Correia “took investor money directly out of the Citizen’s (Bank) account whenever he needed it, racking up thousands (of dollars) of charges when the account was active. Correia also set up recurring payment schedules for, among other things, his student loan, car payments and dating services, so that investor money was automatically debited for those personal purposes.

“In approximately October 2016, the Citizen’s account, which incurred thousands of dollars in overdraft fees, was closed with a negative balance. To date, no SnoOwl investor has received any return or interest on his investment and the business of SnoOwl is essentially worthless,” it says on Page 10 of the indictment.

“What they’re alleging,” Yelnosky said, “is that these folks never had a chance. He never was investing in anything ... He lied to them.”

He said “there’s nothing criminal” in taking investments for an app that didn’t succeed. “But there was no chance here,” according to the government’s case.

Using another example, he said the contention that someone can invest in the stock market and lose money “is not a defense” for this case.

On the other hand, Yelnosky said, “It’s always hard when reading the indictment ... It’s always one side of the story.”

On the four counts of filing false tax returns, Yelnosky also sees those as “fairly straightforward.”

Counts 12-13 of the indictment, he said, state Correia’s filing of amended returns on or about Feb. 18, 2015, were prompted by the FBI investigation.

“You need to prove intent here,” he said of Correia’s intent “that he knew he was filing something that was inaccurate. ... Part of the way to prove it is he had the capacity to know and the circumstances were that he knew (the FBI) was onto him and he was trying to cover his tracks.”

When he was asked if the prosecution seems to be going out on a limb prosecuting Correia for these crimes, particularly if he can show the timing when he changed his tax returns did not coincide with the start of the FBI investigation, Yelnosky suggested a scenario.

“He’s an entrepreneur, trying to make something out of nothing.

Most of the time, those things don’t work out. This didn’t work out. He’s not the first one to keep lousy financial records. It wasn’t good. People lost money. The tax returns were not accurate, but I never intended to defraud anybody.”

Would Correia have a leg to stand on using that type of defense?

“I have no sense,” Yelnosky said. “It’s kind of impossible for me to read between the lines.”

At the same time, “There’s nothing in the indictment that suggests to me that that it seems like stretch,” he said.

When the veteran law professor was asked if Correia would likely be forced to resign, his answer to that also was not crystal clear.

“I think the resignation question is largely a political one. And it makes sense, with an election looming, that certain political figures — particularly those who endorsed or otherwise supported him — would call for him to step down. Their political futures may depend on not being associated with the mayor in any way now that this story has broken,” Yelnosky said in an emailed statement.

“But his calculus could be quite different. He may think that stepping aside makes him seem guilty before any judicial proceeding has even commenced. On the other hand, he may think it best for the city for him to step aside until this is resolved. No doubt his effectiveness as mayor will be compromised by the pendency of these charges,” Yelnosky wrote.

Yelnosky also echoed what some others have said. “Can he do his job while he’s fighting these charges? There’s already pressure for him to step away.

“It’s doubly hard to do your job when you need to cooperate with other people, and you need other people to cooperate with you ... It gets very easy for people to say, ‘Here we go again. I’m going to wait until the dust settles.’”

He continued that “I don’t think it’s impossible, but it certainly makes it difficult.” He evoked Bill Clinton, and how the disgraced president had a reputation of being able to “compartmentalize” to get tough tasks done.

When asked about what level of sentence Correia might face from either a guilty plea to some charges or a conviction, he said, “It’s hard to know what could happen ... A prison sentence of a brief amount of time I would think is possible.”

On a final thought, and a quicker change in the circumstances regarding the possible resignation of Correia, Yelnosky suggested the young mayor “may make different calculations in a week from now when he knows what he is up against.”

