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Human trafficking victims freed in U.S. prostitution bust

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NEW YORK (Reuters) - Authorities on Tuesday broke up a \$7 million, three-state prostitution and money laundering ring, rescuing two human trafficking victims and arresting more than a dozen people, New York's attorney general said.

The crackdown was the result of a 16-month investigation into Somad Enterprises Inc., an advertising agency with offices in New York, New Jersey and Pennsylvania that placed classified ads for five escort services, Attorney General Eric Schneiderman and New York City Police Commissioner Ray Kelly said at a joint news conference.

In a 180-count indictment, 19 people and one corporation were charged with enterprise corruption, money laundering, falsifying business records, narcotics sales and prostitution. Each faces up to 25 years in prison. In addition, three prostitution clients have been charged.

Somad operated a "one-stop shopping vehicle for prostitution rings," Schneiderman told reporters, creating advertisements for escort services and placing them on cable access television, on websites like Craigslist and Backpage.com and in newspapers like the Village Voice.

The agency also employed a webmaster based in the Philippines who was tasked with promoting the ads so they appeared more prominently in Google and other online searches.

Some of the prostitution managers offered cocaine to clients in addition to sex. To conceal their transactions, Somad and the five escort services established multiple shell corporations with false information and disguised payments for sex and drugs as charges for acupuncture, antiques, or party planning, Schneiderman said.

"This was almost like the 'Mob Goes to Business School' kind of a situation," Schneiderman told reporters. "It essentially shows what you can do if you have a high level of creativity and a very low level of morality."

Authorities said Somad kept about half the \$7 million in revenue the ring earned in the past 2-1/2 years with the other half going to the escort groups that prostituted about 40 women at any given time, many from China and Korea. In breaking up the ring, authorities rescued two women who were victims of human trafficking, one of whom was from Korea, Schneiderman said.

So far, 17 people have been arrested in connection with running the prostitution ring. In addition, police arrested three prostitution clients, including the former dean of students at well-respected Scarsdale High School, David Mendelowitz, Schneiderman said.

Mendelowitz, who served on the suburban New York school's drug task force, was charged with patronizing a prostitute, possession of crack cocaine and hindering prosecution.

Two of the 19 people indicted remain at large, the New York Police Department said.

Calls to Somad went unanswered, and calls to Mendelowitz and his attorney were not immediately returned.

(Editing by Barbara Goldberg, Bill Trott and Alden Bentley)

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