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Duo Accused Of Cannabis Investor Scam Waives Atty Conflict

By **Pete Brush**

Law360, New York (November 4, 2021, 4:25 PM EDT) -- Two New Jersey men accused by the Manhattan U.S. attorney's office of siphoning \$4 million from investors by claiming they were producing cannabis-infused chewing gum and other products waived a potential counsel conflict Thursday after a lawyer switched from representing one defendant to the second.

Defendants Vitaly Fargesen, 52, and Igor Palatnik, 47, both told Manhattan U.S. District Judge Loretta A. Preska they have no problem with having attorney Marc Fernich, who represented Fargesen when **they were arrested** in October, switch to representing Palatnik as the case moves forward.

The pair was quizzed by Judge Preska about disadvantages the arrangement could present at a possible trial, during potential plea discussions and in other ways, including if their defense cases become "antagonistic" to one another, since Fernich now has a duty of loyalty to both defendants.

"Yes, your honor," the defendants said as the judge ticked through cautionary questions via telephone during a so-called Curcio hearing – indicating they understand potential downsides.

Fernich will now represent Palatnik, while attorneys Jeffrey Lichtman and Jason Goldman will represent Fargesen.

The feds say the two men enlisted others, including an unnamed straw buyer and executives at their company, CanaFarma, in their efforts to sell private shares and to manipulate the company's stock value after it was listed on Canadian and German exchanges in March 2020. They allegedly solicited \$14 million of investor capital and pocketed \$4 million of that haul while secretly controlling the company.

The feds say they falsely held themselves out as experienced executives building a consumer-product business that would source cannabis via company-owned hemp farming.

Both men have denied charges of fraud and conspiracy and are free on bail.

Judge Preska also heard from prosecutor Gina Castellano that the feds are in possession of a trove of recordings both from confidential sources and from law enforcement to support their case.

The indictment charging the two men alleges that the defendants had at least two co-conspirators inside CanaFarma, drew up a sham consultancy agreement with another unnamed individual and used a straw buyer to complete a reverse merger in order to get CanaFarma stock listed.

Judge Preska set a February date for the sides to return to court.

After the hearing, Lichtman indicated in an email to Law360 that he has worked with Fernich in many previous cases and said he was glad to be teaming with him once again.

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

Palatnik is represented by Marc Fernich of the Law Office of Marc Fernich.

The government is represented by Gina Castellano and Andrew Thomas of the U.S. Attorney's Office for the Southern District of New York.

The case is USA v. Fargesen et al., case number 1:21-cr-00602, in the U.S. District Court for the Southern District of New York.

--Editing by Gemma Horowitz.

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