



THE MOBSTER

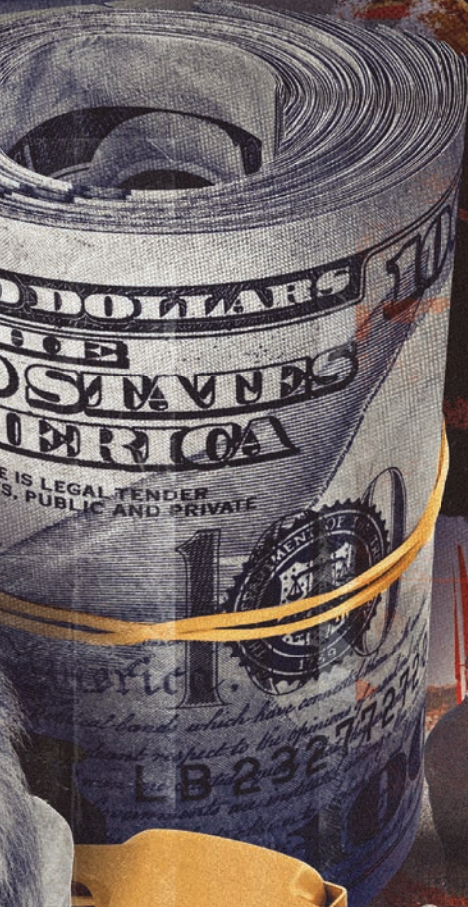
HOW AN ARMENIAN MOB BOSS IN L.A. AND A POLYGAMOUS MORMON ENGINEER IN SALT LAKE CITY JOINED FORCES WITH A BENT BEVERLY HILLS LAWYER AND CROOKED COPS TO BILK TAXPAYERS OUT OF HALF A BILLION DOLLARS IN CLEAN-ENERGY SUBSIDIES... AND ALMOST GOT AWAY WITH IT

**BY MICHELE MCPHEE
ILLUSTRATED BY NEIL JAMIESON**





AND THE MORMON



LIKE MOST HIGH-security detention facilities, the Salt Lake County Metropolitan Jail is packed with the usual mix of murderers, rapists, robbers, drug dealers, and other assorted outlaws and miscreants. But deep within its bowels, locked away in a chilly, tomb-like cell, there's one particular inmate—federal detainee No. 417049—who is different from all the rest.

For one thing, he's from Bel-Air. For another, he's a billionaire.

His name is Levon Termendzhyan, or it was until he became an American citizen and changed it to Lev Aslan Dermen. But he's best known, at least in the underworld, as "the Lion," alleged leader of L.A.'s notorious Armenian mafia, a transnational criminal organization so infamously brutal that it makes the Cosa Nostra look like a book club.


Before the Lion was put in this cell nearly three years ago—where he now spends his days teaching himself to read English with paperbacks from the prison library—he lived a life of almost cartoonish excess, filled with private jets, luxurious yachts, and million-dollar supercars. His primary residence at one time was a \$19 million gated estate on Bel-Air Court, not far from neighbors like Jennifer Aniston, Beyoncé, and Michael Bay, and he owned multiple other homes as well, including a waterfront mansion in Huntington Beach and a villa in Turkey. He was a regular at some of the poshest

restaurants and bars in Beverly Hills, where he was known to pay for \$1,500-a-sip scotches with wads of cash stuffed in a Hermès wallet.

That bankroll, along with his other enormous assets, came, in part, from an incredibly lucrative scheme to bilk U.S. taxpayers out of half a billion dollars in clean-energy subsidies. Which is what the Lion was convicted of back in 2020—tax fraud and money laundering. But those pedestrian-sounding charges don't do justice to the grand operatic tale of how this 56-year-old crime boss, famous for his Tony Montana-like temper tantrums, Imelda Marcos-like shopping sprees, and Tiger King-like obsession with big cats, ultimately ended up serving time in Salt Lake City. The story's cast of characters includes dirty cops, corrupt Department of Homeland Security officials, a mob lawyer who cheated his way into a California law license, the president of Turkey, an ex-CIA chief, assorted international mobsters, and—last but not certainly not least—a young engineering-school graduate who cooked up the clean-energy scheme in the first place and who happens to be a member of a sect of racist Mormon fanatics in Utah that's frequently been accused of running its own deeply criminal operations.

It's a complicated story, filled with greed and betrayal, spanning several years, and transpiring across many states and countries. And it continues to this day, with its many colorful players still grinding their way through the criminal justice system.

But let's begin at the beginning, with Jacob.



THE SECT HAS MANY names. The Latter-Day Church of Christ. The Davis County Cooperative Society. The Kingston clan. The Order.

The Southern Poverty Law Center, though, has its own name for it—blood cult. According to the nonprofit, which tracks white supremacist organizations, the Order is a still-polygamous, often incestuous offshoot of Mormonism

(which outlawed polygamy 120 years ago) that is so over-the-top racist, it could "teach the Ku Klux Klan a thing or two."

It began 87 years ago, during the Great Depression, when founder Eldon Kingston settled in the suburbs around Salt Lake City. But in the decades since, it's grown into as much a corporation as a cult, amassing hundreds of millions of dollars through a financial empire that includes grocery stores, meat-packing plants, pawn shops, a garbage removal service, a casino in California, an insurance company, and a high-end tactical-firearms manufacturer. And that's just the legitimate side of the Order's business dealings. According to prosecutors, the group is so prolific at ripping off government programs—through welfare fraud, tax evasion, and labor-law violations—that they coined a catchy phrase for it: "bleeding the beast."

Jacob Kingston, 36, Eldon's great-great-grandson, is not particularly high up in the Order's hierarchy, but he is well-connected. His uncle is Paul Kingston, the 62-year-old "prophet" in charge of the cult. And his father, Paul's brother Daniel, is the cult's "enforcer"—the muscle who metes out justice to members when necessary, and often when not necessary. Daniel once served time for beating his 15-year-old daughter with a belt after she complained about being forced to marry her uncle.

Still, as just one of Daniel's 128 children (with 14 wives, some of whom were Daniel's half sisters), Jacob didn't exactly stand out. Tall, gangly, and uncomfortably quiet, he lived in one of the family compound's less luxurious domiciles—an old cabin with little running water and no heat—which he shared with one of his own three wives, Sally, and some of his 20 children.

But Jacob did have a few things going for him. For starters, a degree in engineering from the University of Utah, which he put to good use, right after graduating in 2007, by starting his own business at the compound—a biofuel production facility called Wakashie Renewable Energy,

or WRE, which he financed with a loan from a bank controlled by the Order. At the heart of the business was a “transesterification system” that could clean dirty cooking grease and vegetable oil—a process known as “pulling”—and transform it into renewable energy in the form of biodiesel fuel.

Creating the biofuel and selling it, though, wasn’t where the real money was; collecting subsidies from government programs promoting

clean energy—as much as a dollar per gallon, with little or no oversight from the feds—was the true potential profit center.

Within a few years, Jacob realized he could make a fortune by shipping the same barrels of biodiesel around the country and back again, getting paid subsidies by the federal government on the same biofuel over and over again. Better still, he could simply pretend to make biofuel and file false claims about how much renewable

energy he was creating—it was as easy as filling out an online form. He started small, collecting a few million in subsidies in 2011, which he didn’t even get to keep—it all went to the cult, which claimed any money earned by its members as its own, controlling the flock’s finances through its bank.

But eventually, Jacob, who was beginning to resent living in a cabin with no heat, started to think bigger. It dawned on him that if he scaled up his energy fraud—which he dubbed “the

A WHO’S WHO OF SCAMSTERS

1. JACOB KINGSTON
The young Mormon engineer who cooked up the biofuel scam.

3. ISAIAH KINGSTON
One of Jacob’s 127 siblings, who kept the books for his brother.

5. EDGAR SARGSYAN
Crooked lawyer who ended up flipping on both Jacob and the Lion.

2. LEV DERMEN
(aka, the Lion)
Alleged leader of the Armenian mafia in Los Angeles.

4. JOHN BALIAN
Glendale police detective and one of the Lion’s “boys.”

6. BABAK BROUMAND
FBI agent who provided inside intel to the scamsters.



THE WEDDING SCENE
No great mob story can be complete without one. This ceremony, in Turkey, was for one of Jacob’s 20 children.



CRAB MEET
The Lion (left), Jacob Kingston, and Kingston’s wife Sally, after partying in Seattle.

MUGSHOTS: COURTESY OF DAVIS COUNTY SHERIFF; ALL OTHER PHOTOS: THE DEPARTMENT OF JUSTICE EXHIBITS IN U.S. VS. DERMEN

Plan”—he could potentially rake in much, much more, some of which he might even be able to keep for himself.

In order to expand, though, Jacob knew he needed help—somebody who was well-connected in the energy field, who was familiar with the ins and outs of moving fuel around the globe, who was as experienced as the Order was in circumventing the law, and who could keep not just the IRS and other government agencies off his back but also help him hide at least some of the profits from the Order's vigilant accountants.

As it happened, Jacob had heard of just such a person. He called himself the Lion.

LEVON TERMENDZHIAN arrived in America in 1980, at age 14. His family was part of a wave of immigrants from then-Soviet-controlled Eastern Europe who ended up settling in Burbank, Glendale, and certain Slavic pockets of East L.A. For a while, Termendzhian was enrolled at Hollywood High School, but he dropped out at 17 to pump gas and begin building his empire—a string of petrol stations and truck stops called NOIL, a fuel-transport company called Lion Trucking, and a slew of other enterprises that the FBI, the EPA, the IRS, and the Los Angeles Police Department all suspected to be profoundly criminal in nature—that would ultimately make him a billionaire by the age of 30. All of which he accomplished without ever learning to read or write English.

The Armenian mafia that the Lion allegedly controlled is well-known by local and federal law enforcement. Its members are said to be masters at identity theft, kidnappings, extortion, and murder for hire. And yet, like the Teflon Don in New York in the 1980s (John Gotti, by the way, also had a thing for lions), Termendzhian had an uncanny knack for slipping through the government's fingers, despite the small army of investigators constantly on his trail. He had a few close calls—like in 1993, when he'd been swept up in a gas tax fraud sting (he was ultimately acquitted),

or in 2003, when he pulled a gun on a cop and went to trial for assault with a firearm (acquitted again). Otherwise, he lived what seemed to be a charmed life.

His longtime attorney, Mark Geragos, denies that the Lion is a mob boss. “Racist,” is how he characterized the accusations to *Los Angeles*. But his client certainly lived like a mafia kingpin. Neighbors around his Bel-Air mansion saw a revolving display of status vehicles behind his gated driveway, including two \$2 million Bugatti supercars. He employed his own personal pilot to ferry him around the world in a private jet, keeping the flights off the FAA's radar and leaving as little

“I DID NOT WANT LEVON TO BE PART OF MY CASE. I WAS AFRAID OF WHAT HE MIGHT DO TO ME AND MY FAMILY.”

of a paper trail as possible. For his 50th birthday party, which filled the Hilton Hotel at Universal Studios with scores of rap stars, politicians, lawyers, and other luminaries, live lions were imported as decorations.

The obsession with lions, incidentally, appears to run deep. When he became an American citizen in 2017 and changed his name, the moniker he chose was Lev, Russian for “lion.” His gas station and truck rental company, NOIL, is “lion” spelled backward. Even his facial hair was, for many years, precision cut to resemble a lion's mane. It may have simply been a macho affectation or a branding tool designed to inspire fear and respect among his

friends and enemies. Or maybe he just really likes very large cats.

In any case, whether he was a mob boss or merely a lion-loving fuel industry entrepreneur, it's fair to say that Lev Dermen has always been a businessman on the lookout for new opportunities. And in 2012, when he received word that a certain biodiesel company in Utah was interested in meeting with him, a doozy fell into his lap.

JACOB AND THE LION met for the first time in Los Angeles, at NOIL's headquarters in Commerce. Which turned out to be a double-wide trailer guarded by two lion statues and decorated inside with furniture by Lamborghini. Outside, bodyguards leaned against armored vehicles while the two men chatted.

It was the beginning of a not-so-beautiful friendship. A few weeks later, the Lion would fly to Salt Lake City to tour Jacob's biofuel facility at the Order's compound. Jacob and Sally greeted him with a new cowboy hat and a basket of Armenian fruit, which seemed to please the Lion. After the tour, he invited Jacob and Sally to a dinner party that night—in Seattle. They boarded the Lion's jet, climbed into a Mercedes-Maybach waiting for them on the tarmac in Washington State, and were whisked to a private estate where a huge crowd was being entertained by a Russian singer as waiters served mounds of sushi and bartenders kept the booze flowing. Jacob and Sally, being Mormon, didn't drink. But they stayed till the wee hours, afraid to insult the Lion by leaving early.

“I didn't know how to tell him we needed to go to sleep,” Jacob would later testify about the evening.

The next day, the Lion drove with the couple back to the private jet, stopping along the way at a seafood store so that the Lion could purchase lobsters and crabs for Jacob and Sally to bring back to the Kingston clan. They ended up taking home 15 boxes.

With the Lion as his new business partner, Jacob suddenly had entrée to a coterie of crooked cops and bent



HIS TOUCH WAS GOLD

The Lion (left), with two unknown business men and Jacob (far right), posing in front of one his private jets.

federal agents—"the boys," as the Lion referred to them—to help keep the heat off him as he expanded his operations. The boys were wrangled by one of the Lion's top lieutenants, mob "attorney" Edgar Sargsyan, who had offices on Rodeo Drive and plenty of tony connections (he was pals with Governor Gavin Newsom and former Governor Arnold Schwarzenegger) but didn't actually possess a valid law license. It was revealed in court that he had hired a ringer to take the bar exam for him.

Sargsyan's team of deplorables included Glendale narcotics detective John "Saro" Balian, who'd been pulling jobs for the Armenians for years (he was behind a *Fast & Furious*-style car theft ring); DHS agent Felix Cisneros Jr., one of the Lion's former bodyguards; and FBI special agent Babak Broumand, a counterterrorism expert with a penchant for Rolex watches and Gucci belts. According to prosecutors, Sargsyan paid Broumand \$10,000 a month in cash for favors big and small (like getting Sargsyan an "FBI Official Business" placard so he could park his Rolls-Royce wherever he wanted).

Thanks to the Lion's gas-industry know-how and his army of mobsters and dirty cops, before long, Jacob's biofuel scam was succeeding beyond his wildest dreams. Within a few years, Jacob and the Lion were raking in so much money from fraudulent subsidies—hundreds of millions of dollars, according to prosecutors—they literally didn't know what to do with it all. At one point, they started stashing cash in Istanbul, where they had vague plans to flee if things ever went south. "I have met the president of Turkey," Jacob recounted in court, describing a trip to Turkey with the Lion during which he'd been introduced to Recep Tayyip Erdogan.

Meanwhile, back in Utah, the Order was delighted by the windfall Jacob was bringing to its bank. But the cult's elders were also growing increasingly suspicious that Jacob was skimming from the profits. It was, after all, impossible not to notice how the once-gawky engineer had acquired a new sense of goombah style.

"He just started doing things people in our family didn't do," one of Jacob's 127 siblings, Isaiah, who sometimes cooked the WRE books for Jacob, later told prosecutors, describing how the Lion had changed his brother's personality and spending habits. "He didn't used to wear shoes that were several thousand dollars. He didn't wear a \$600 shirt. He didn't wear a watch that was \$40,000."

Eyebrows were certainly raised at the Order when Jacob traded up from his old Toyota Tercel to a Lamborghini. And Jacob and Sally were no longer living in that heatless cabin on the compound; with the Lion as their real estate agent, they had purchased a 14,000-square-foot, \$3.2 million mansion on Creek Road outside Salt Lake City. The manse was known as "the Castle" and had a parking garage for 14 cars. "This is the house you need to buy because this is our style," the Lion told Jacob

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The Mobster and the Mormon

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as they toured the estate, before wondering aloud if there were any neighborhood ordinances prohibiting the keeping of lions on the property.

One of the benefits of partnering with the Lion was that it gave Jacob cover whenever the Order questioned him about where he was getting the money for his new extravagant lifestyle. The Lamborghini had been a gift from the Lion (which was true). He and Sally were merely house-sitting for the Lion at the Castle (which was untrue).

But at a certain point, Jacob started caring less and less about the Order's questions and became more and more brazen about his spending. He enlisted the help of another of the Lion's friends, a Turkish biopharma billionaire named Sezgin Baran Korkmaz (everyone called him Baran) to launder some of his money. Through Baran, who often bragged about his friends in the U.S. government—including a couple he code-named "Grandpa" and "Grandma," whom court records identify as former CIA director James Woolsey and his wife, Nancye (who have never been accused of being involved in any of these scams)—Jacob went on a \$133 million spree. He used Baran to purchase the Mardan Place luxury hotel in Turkey, an airliner called Borajet, a waterfront villa in Istanbul, and a yacht called the Queen Anne.

How much the Order knew about Jacob's spending is unclear, but even if the elders were keeping track of every penny, there wasn't a whole lot they could do about it. Even with his skimming—often more like dunking—Jacob was bringing the cult too much money for them to rock the boat. And, besides, whenever they confronted Jacob about their suspicions that he

wasn't fully accounting for his biofuel profits, he simply referred them to his business partner. And even the white supremacist polygamous leaders of the Order didn't have the guts to question the Lion.

IT ALL STARTED TO unravel, as so many nefarious plots do, with a phone call. The identity of the female caller is unknown, other than that she was a member of the Order. Her motives for calling the FBI are also unknown, although it's not hard to imagine why a woman trapped in a misogynistic cult where young girls are beaten unconscious if they object to marrying their uncles would eventually look for a way out. What is known, though, is that the source tipped off the FBI about Jacob's biofuel company and his subsidy scam. So, in 2015, the feds began to quietly investigate Jacob.

Just not quietly enough.

In February 2016, Jacob received a tip of his own, that the FBI was about to raid his biofuel facility at the Order's compound. Who precisely that tipster was is also something of a mystery; Jacob and his cult had greased enough palms around Utah that it could have been any number of informants in state or federal government. All we know from testimony is that the caller told Jacob something like, "They're coming. Next Wednesday. With warrants."

Jacob freaked. He called his employees and ordered them to destroy every bit of evidence that could prove he'd been involved in illegal activity. More important, he made sure they also destroyed any documentation that included "Mr. L's name" so there'd be no trace of his Armenian partner's involvement. If there was one thing that terrified Jacob more than the FBI, it was the Lion.

"I did not want Levon to be part of my case," he later testified. "I was afraid of what he would do to me and my family."

When the FBI did raid Jacob's biofuel company, agents didn't find much. Computers had been wiped, desks and bookcases were empty, dust outlines marked spots where binders and other documents had been recently removed. The bust was a bust.

Nevertheless, it spooked not just Jacob but also the Lion. When Jacob

met with the mob boss shortly after the raid—at a room in the Wynn casino in Las Vegas—the Lion ordered Jacob to strip down to his underwear. "He wanted to make sure I wasn't wearing a wire," Jacob later recalled. Satisfied that his young partner wasn't a snitch and that his own participation in the scam hadn't been revealed, the Lion calmed down and offered Jacob reassurances.

"My boys will look into it and take care of everything," he told him. "Stay strong, and keep your feet planted."

One of those boys—the head boy, in fact—Sargsyan, the Lion's phony attorney and self-regarded future successor, was, at the time, starting a new side company for his boss, a hard-money lending operation called SBK (set up to offer high-interest financing to shady companies, like porn websites, that couldn't get loans from legitimate banks). And Sargsyan did indeed "look into it." He ordered his FBI plant, the Rolex and Gucci-loving Broumand, to run the Lion's name through the agency's data bank to see if he'd been ensnared at all in the biofuel investigation. As it turned out, the Lion's name was all over the FBI files. "It rang all the bells," Broumand reported.

Now it was Sargsyan's turn to freak. Figuring the jig was up and that it was only a matter of time before the Lion would be indicted and sent to prison, he began planning his own emergency retirement from the Armenian mob. He started by embezzling money from the SBK company he'd just set up—\$23 million in total (compensation, he reasoned, he had coming to him). He also, in a fatefully stupid act of hubris, stole one of the Lion's private jets by having its tail number changed so that it was now registered to him.

Which is how the Lion caught on that Sargsyan was stealing from him. Remember the Lion's private pilot? The one who flew him around the world with a minimal paper trail? He snitched on Sargsyan, telling the Lion about the switched tail numbers. Sargsyan's was a stunning betrayal by one of the Lion's oldest and closest lieutenants. And yet, for a man famous for his anger issues, the Lion's initial reaction was shockingly restrained; he simply filed a civil suit against Sargsyan, demanding he return the money and the Gulfstream.

Still, it didn't take long for the Lion's temper to get the better of him. During a break in those civil proceedings, as Sargsyan and his own (presumably real) attorney were meeting in a private room at a restaurant near the downtown L.A. courthouse, the Lion burst through the doors and began shouting at Sargsyan in Armenian. (Rough translation: "You are trying to wear my underwear!"). A while later, during his taped deposition in the case, the Lion continued seething in English. "When I lose my trust," he said, staring icily into the camera, "it finishes up not good. Very bad."

Not long after that, in July 2016, things did indeed get very bad—for the Lion. An attempt was made on his life by a drive-by gunman outside of NOIL headquarters. The Lion, as it happens, wasn't there, but his son, George, accompanied by a bodyguard, was getting a ride home from work in a company Escalade when a Honda Pilot pulled up alongside and opened fire. George wasn't hit but the bodyguard sustained serious injuries when a bullet ripped through his back. The shooter, a Mexican gang member, was captured and confessed to police that he'd been offered \$200,000 by a Glendale narcotics detective to "send a message" by shooting up the Lion's car. The detective, he said, even lent him his Honda for the job. And that detective's name turned out to be John Balian, one of "the boys" on Sargsyan's payroll.

After that incident, Sargsyan understandably went into hiding, holing up in various L.A. hotels, convinced the Lion was hunting him. He wasn't wrong; he heard from his "law firm" on Rodeo that the Lion and his "goons" had turned up at the office looking for him. So Sargsyan hired off-duty Beverly Hills cops to provide security and began using his own resources—like Broumand—to dig up intel on the Lion that might help Sargsyan survive. Eventually, though, he came to the chilling realization that there was only one way for him to get out of this mess alive; he had to strike a deal with the feds and agree to testify against the Lion, Jacob, and the boys.



SOMEBODY AT THE FBI clearly has a flair for the cinematic. Because on August 23, 2018, the bureau orchestrated simultaneous arrests in different cities of Jacob and the Lion

that were so theatrically timed, they'd have *Godfather* director Francis Ford Coppola biting his knuckles in envy.

One bust took place at the Salt Lake City International Airport. The agency had received information that Jacob was about to flee the U.S. for Turkey, where he'd stashed more than \$100 million. So agents fanned out across the check-in desks and departure gates. They found Jacob's wife Sally and two of his sons, wearing disguises, at separate TSA security lines, heading for a flight to Istanbul. Jacob wasn't with them, but he was spotted soon enough in a jetway about to board the Turkey-bound plane.

The other arrest took place in downtown L.A., where the Lion, who had coincidentally just returned from a visit to Turkey, was arriving at a federal building for a scheduled appointment with the IRS. Agents watched as their target entered the lobby, leaving his armed bodyguards outside. They waited until the Lion cleared the metal detectors. Then they pounced, tackling him to the ground and slapping on handcuffs. The Lion, no slouch in the drama department himself, started clutching his chest as if having a heart attack. The agents drove him to several jails before finding a facility with an infirmary.

A few days later, the Lion would be transferred to the Davis County Jail in Salt Lake City, which happened to also be where Jacob was incarcerated. Because the central crimes of the case originated in Utah, that's where both men would be arraigned and eventually tried by U.S. attorney Richard Rolwing. But it was not a happy jail-house reunion. "He blamed me for everything," Jacob would remember of their encounters behind bars.

And Jacob blamed the Lion for everything too. "You ruined my life!" he sneered at his old partner.

Jacob ended up pleading guilty to tax fraud, mail fraud, conspiracy, money laundering, and obstruction of justice. He's still awaiting sentencing and has since been moved to Weber County Jail, where he's been suffering through a revolving menagerie of unbearable cellmates. At one point, he was forced to bunk with a devil worshiper who would read aloud from a satanic bible (until Jacob beat the crap out of him and the warlock was transferred to another cell).

Meantime, most of the rest of those involved in what Jacob once grandiosely referred to as the Plan have either been convicted or are wending their way through the justice system. FBI agent Babak Broumand is currently on trial; Glendale detective John Balian served a year of a nearly two-year sentence; Jacob's book-cooking brother, Isaiah, also pleaded guilty and is awaiting sentencing. Edgar Sargsyan pleaded guilty, as well, to unrelated charges, and is also awaiting sentencing, although thanks to his cooperation with the authorities, he'll likely catch some sort of break.

As for the Lion, he wouldn't stay long at Davis County Jail. Within a few months, he was practically running the place—trading favors with other inmates, using their PIN numbers to place phone calls—until the warden had enough and transferred him, in 2019, to the more restrictive Salt Lake City Metropolitan Jail, where he's been ever since.

While still at Davis, though, there was one final plot twist in this story that nobody saw coming. The Lion fell in love. And not just with any woman, but with Hannah Tucker, one of Jacob's three wives.

The two had met before, when Jacob had brought Hannah—in her twenties, his youngest wife—along on one of his Turkish business trips. The Lion was immediately smitten, and his feelings were apparently reciprocated. So when Hannah visited her husband in Davis County Jail, she'd also sneak off for a rendezvous with the Lion, bringing him extra blankets and other comforts. Before long, jail officials noticed, she was skipping the visits with Jacob and spending all her time with the Lion, who promised to run away with her once he found a way out of his legal troubles.

Ironically, though, that love affair may well have sealed the Lion's fate and ensured that he would never leave prison again. Once Jacob found out about Hannah's visits, he was so infuriated that he agreed to flip on his old partner, testifying against him in court.

Unsurprisingly, the Lion was convicted on March 16, 2020. Like Jacob, he hasn't been sentenced yet, but he faces as many as 180 years behind bars. ■