

NEWS

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Former Wall Street Executive and Co-conspirator
Admit \$12 Million Bank Securities Fraud Conspiracy

(More)

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NEWARK, N.J. – A former Wall Street executive and investment banker pleaded guilty today to conspiracy to commit securities fraud in connection with initial public offerings involving 65 mutual banks in New Jersey, Connecticut and across the country, U.S. Attorney Christopher J. Christie announced.

Bert Fingerhut, a former member of the Executive Committee and Director of Research at New York-based Oppenheimer & Company, Inc., admitted that he organized a complex scheme to circumvent applicable federal and state banking regulations that require mutual banks to apportion shares issued in IPOs to depositors, restrict the maximum number of shares offered to such depositors, and prevent depositors from transferring their shares to other depositors.

Also pleading guilty today to conspiracy was Robert Danetz, a retired New York City school teacher and childhood friend of Fingerhut, who admitted that he acted as a nominee in establishing accounts at banks where depositors were defrauded. Danetz admitted that he traveled around the country opening up accounts in his and Fingerhut's name, using Fingerhut's money.

A mutual bank is a bank owned by depositors. The depositors are entitled to have the opportunity to buy shares in a bank when it converts to a publicly traded company. By secretly and fraudulently amassing shares to which he was not entitled and selling them, Fingerhut and his co-conspirators defrauded eligible depositors and the banks of more than \$12 million. Approximately that amount is being forfeited to the government by Fingerhut and a conspirator.

"Fingerhut used his Wall Street acumen to concoct a cunning scheme," said Christie. "He made millions by robbing everyday depositors of an opportunity to which they were entitled and deserved."

Fingerhut, 63, resides in Aspen, Colo., and Palo Alto, Calif. Fingerhut left Oppenheimer in the early 1980s. The fraud scheme began after his departure from the company.

Danetz, 62, lives in Teaneck, N.J. Sentencing for both men is scheduled for Sept. 6.

In a parallel civil proceeding today, the Securities and Exchange Commission charged Fingerhut, Danetz and two others with violating federal securities laws by fraudulently acquiring stock in 65 public offerings conducted by converting banks. The SEC complaint also charged that Fingerhut, Danetz and the others realized more than \$12.4 million in illegal profits from the sale of the fraudulently obtained shares.

Fingerhut admitted before U.S. District Judge Peter G. Sheridan that beginning on or about Dec. 29, 1995 and continuing to on or about Feb. 13, 2007, he implemented a

scheme to defraud various mutual savings banks, including, Provident Bank and New Haven Savings Bank, headquartered in Jersey City, N.J., and New Haven, Conn., respectively.

Fingerhut admitted that he directed Danetz and others to open depository accounts at, among other banks, Provident and New Haven Savings that he identified as likely to offer its depositors shares in IPOs. Upon announcement by Provident and New Haven Savings that they were offering shares to eligible depositors, Fingerhut directed Danetz to complete stock purchase order forms that falsely represented that Danetz was purchasing the shares for his own account, when, in reality, he was purchasing the shares with Fingerhut's money for Fingerhut's benefit.

Fingerhut further admitted that he directed Danetz to either transfer the fraudulently obtained shares to him using Ameritrade accounts, or sell the shares on the open market and wire the proceeds him.

The two defendants pleaded guilty to one count each of conspiracy to commit securities fraud, which carries a maximum penalty of five years in prison and a \$250,000 fine.

Under the terms of their plea agreements, Fingerhut and Danetz have agreed to forfeit to the government more than \$11 million and \$800,000, respectively, representing the proceeds of their illegal activities. The government calculates Fingerhut's and Danetz's sentences under the advisory U.S. Sentencing Guidelines at between 57 and 60 months in prison and 37 and 46 months in prison, respectively.

Christie credited Special Agents of the Internal Revenue Service, the Federal Deposit Insurance Corporation, the United States Postal Inspection Service, and the Federal Bureau of Investigation for their investigation of the securities fraud conspiracy case. Christie also credited the Securities and Exchange Commission for their participation in the investigation.

The case is being prosecuted by Assistant U.S. Attorney Karl H. Buch of the U.S. Attorney's Securities and Health Care Fraud Unit.

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Defense Counsel:

For Fingerhut: Larry Mackey, Esq., Indianapolis, Indiana

For Robert Danetz: Aitan Goelman, Esq., Washington, D.C.