

NEWS

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FOR IMMEDIATE RELEASE
August 3, 2007

Former Wall Street Executive Sentenced to 24 Months
In Prison; Pays \$11 Million in Restitution

(More)

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NEWARK, N.J. – A former Wall Street executive and investment banker was sentenced to 24 months in federal prison today for conspiring to commit securities fraud in connection with initial public offerings involving mutual banks in New Jersey, Connecticut and across the country, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Peter G. Sheridan also order Bert Fingerhut to pay a \$75,000 fine and serve 4 months of home confinement as part of his three-year term of supervised release, which is to be served upon the completion of his prison term. Yesterday, Fingerhut, 63, of Aspen, Colo., and Palo Alto, Calif., paid \$11 million in restitution he had agreed to forfeit to the government under the terms of their plea agreement.

Fingerhut, a former member of the Executive Committee and Director of Research at New York-based Oppenheimer & Company, Inc., pleaded guilty before Judge Sheridan on May 17, 2007, to one count of conspiracy to commit securities fraud.

At his plea hearing, Fingerhut 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 on May 17, Robert Danetz, a retired New York City school teacher and childhood friend of Fingerhut, pleaded guilty to one count of conspiracy to commit securities fraud. Danetz 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.

Fingerhut left Oppenheimer in the early 1980s. The fraud scheme began after his departure from the company.

Fingerhut admitted that beginning in December 1995 and continuing until February 2007, he implemented a scheme to defraud various mutual savings banks, including, Provident Bank and New Haven Savings Bank, headquartered in Jersey City, 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.

Danetz, 62, of Teaneck, is scheduled to be sentenced on for Sept. 11. Under the terms of his plea agreement, Danetz agreed to forfeit \$800,000 to the government, representing the proceeds of his illegal activities.

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: Larry Mackey, Esq., Indianapolis, Indiana