



*United States Attorney
Southern District of New York*



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**FORMER CHIEF TRADER AND CFO OF MANHATTAN HEDGE FUND
PLEADS GUILTY IN MANHATTAN FEDERAL COURT
TO STEALING \$3 MILLION FROM FUND**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that EZRA LEVY -- the former chief trader and Chief Financial Officer at a Manhattan-based hedge fund (the "Hedge Fund") -- pleaded guilty today to securities and wire fraud for stealing approximately \$3 million from the Hedge Fund. LEVY stole the money by diverting money owed to the Hedge Fund to an account that he controlled and by purchasing stock at inflated values on behalf of the Hedge Fund from his own personal trading account. LEVY entered his guilty plea in Manhattan federal court before United States District Judge P. KEVIN CASTEL.

According to the criminal Information to which LEVY pleaded guilty, documents previously filed in this case, and statements made in court:

LEVY misappropriated approximately \$3 million from the Hedge Fund principally in two ways. First, in June 2009, LEVY engaged in trades on the Hedge Fund's behalf by purchasing stock, at prices substantially higher than the prices at which those shares were trading in the stock market, from his own personal brokerage account -- resulting in a gain for LEVY at the Hedge Fund's expense. As the chief trader for the Hedge Fund, LEVY's responsibilities included executing trades as directed by the firm's general partner and portfolio manager, but he was not authorized to make trades at his own discretion. Altogether, LEVY's unauthorized trading resulted in a profit for LEVY of approximately \$537,000 and a corresponding loss for the Hedge Fund's trading account.

Second, between approximately February 2006 and October 2009, LEVY diverted money owed to the Hedge Fund into a bank account that he controlled and then used that money to, among other things, pay personal expenses, such as personal credit card

bills. During the relevant time period, the Hedge Fund engaged in several investments and transactions through which the Hedge Fund received periodic principal, interest, and dividend payments. These investments and transactions included private debt investments, loans to investors in the Hedge Fund, and private stock sales. LEVY was the Hedge Fund employee responsible for reconciling the monthly accounts and tracking payments from the Hedge Fund's investments and transactions. LEVY's position at the Hedge Fund enabled him to steal approximately \$2.45 million from the Fund by directing payments due to the Fund from investments and transactions to a bank account under his personal control.

LEVY, 32, of Manhattan, New York, pleaded guilty to one charge of securities fraud and one count of wire fraud, each of which carries a maximum sentence of 20 years in prison. LEVY also faces a maximum fine of the greatest of \$5 million or twice the pecuniary loss or gain derived from the offense on the securities fraud charge, and a maximum fine of the greatest of \$250,000 or twice the pecuniary loss or gain derived from the offense on the wire fraud charge. Sentencing is scheduled for June 18, 2010, at 3:00 p.m.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

Mr. BHARARA praised the work of the Criminal Investigators of the United States Attorney's Office, and thanked the United States Securities and Exchange Commission for their assistance in this case.

Assistant United States Attorneys WILLIAM J. STELLMACH and DAVID I. MILLER are in charge of the prosecution.