



*United States Attorney
Southern District of New York*

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**MANHATTAN U.S. ATTORNEY CHARGES FORMER CHIEF TRADER
AND CFO OF MANHATTAN HEDGE FUND WITH STEALING
OVER \$1 MILLION**

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") -- was arrested earlier today for allegedly stealing more than \$1 million from the Hedge Fund, both 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. The criminal Complaint unsealed this morning charges LEVY with securities fraud and 10 counts of wire fraud. He was arrested this morning at his residence by Criminal Investigators of the Securities and Commodities Fraud Task Force.

According to the Complaint unsealed this morning in Manhattan federal court:

LEVY's responsibilities at the Hedge Fund included reconciling its monthly accounts and tracking payments made to the Hedge Fund. In November 2008, the Hedge Fund invested in a collateralized note issued by a company based in Arizona that generated approximately \$66,000 per month in interest payments from the issuer of the note (the "Issuer") to the Hedge Fund. Beginning in January 2009, the Issuer wired the monthly installments to an account established by LEVY at Washington Mutual Bank. LEVY was the sole signatory on the account, the existence of which he did not disclose to the Hedge Fund. LEVY withdrew the money from the account at Washington Mutual Bank through numerous ATM withdrawals, electronic transfers to credit card companies, and transfers to a bank account in his name. Altogether, between January 2009 and October 2009, LEVY diverted more than \$726,000 owing from the Issuer to the Hedge Fund to his own use.

LEVY is also charged with diverting money from the

Hedge Fund for his personal benefit by causing the Hedge Fund to purchase stocks at inflated prices from an account that he personally controlled. 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. In June 2009, LEVY engaged in trades on behalf of the Hedge Fund by purchasing stock in Atlas Energy and Atlas Energy Resources, at prices substantially higher than the prices at which those shares were trading in the stock market, from his own personal brokerage account. Altogether, LEVY's trading resulted in more than approximately \$600,000 in losses for the Hedge Fund's trading account. As charged in the Complaint, no one at the Hedge Fund authorized, or at the time was aware of, LEVY's trading in shares of Atlas Energy or Atlas Energy Resources on behalf of the firm.

LEVY will be presented on the charges in Manhattan federal court later today. If convicted, LEVY faces a maximum sentence of 20 years in prison on the securities fraud charge and a maximum fine of \$5 million or twice the pecuniary loss or gain from the offense. On each of the 10 wire fraud charges, LEVY faces a maximum sentence of 10 years in prison and a maximum fine of \$250,000 or twice the pecuniary loss or gain from the offense.

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.

The charges in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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