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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Jose L. Linares
	:	
v.	:	Criminal No. 13-808(JLL)
	:	
THOMAS LEKARGEREN	:	18 U.S.C. § 371
	:	

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States charges:

COUNT ONE

(Conspiracy to Commit Securities and Wire Fraud)

1. At all times relevant to this Information:

a. Defendant Thomas Lekargerren ("Lekargerren"), a resident of Manhasset Hills, New York, was employed as a Sales Trader at G-Trade Services, LLC ("G-Trade") and he worked in a division that offered global trading services to clients. Defendant LEKARGEREN passed the General Securities Representative Exam, also known as the Series 7 Exam, in June 2005, and held his Series 7 license through at least October 2011.

b. ConvergEx Group was a parent company that owned several operating subsidiaries, including broker-dealers and related companies offering brokerage services to U.S. and foreign institutional clients.

c. Certain of these broker-dealers, including G-Trade, offered their clients "agency brokerage" services for equities (the "Agency Brokers"). The ConvergEx division offering global trading services to clients through the Agency Brokers disclosed that the Agency Brokers would charge commissions for their services.

d. CGM Limited was a wholly owned subsidiary of ConvergEx Group incorporated and headquartered in Bermuda. CGM Limited was a registered broker-dealer in Bermuda. Employees of the ConvergEx division offering global trading services to clients through the Agency Brokers, including defendant LEKARGEREN, regularly routed certain orders for the purchase or sale of securities to CGM Limited, which traded securities on a riskless principal basis. In general, a "riskless principal" trade occurs when a broker-dealer, after receiving a customer order to buy (or sell) a security, buys (or sells) the security for its own account from (or to) another person in a contemporaneous offsetting transaction and then allocates the shares to the customer order. CGM Limited regularly included a mark-up (an additional amount paid for the purchase of a security) or mark-down (a reduction of the amount received for the sale of a security) when executing orders routed by the Agency Brokers for non-fiduciary clients, and the price reported to these clients by the Agency Brokers included any mark-up or mark-down included by CGM Limited. Employees of ConvergEx Group

and certain of its subsidiaries referred to such mark-ups and mark-downs as either "spread," "trading profits," or "TP."

e. G-Pro was an order management system that Agency Brokers' sales traders used to transmit client orders to CGM Limited Traders at CGM Limited also used G-Pro to record information related to the execution of clients' trade orders, including the prices CGM Limited obtained and any spread it added that was ultimately included in the prices provided to clients. Beginning at least by in or about March 2010, the G-Pro order management system passed data through (and stored data on) a server located in Carlstadt, New Jersey.

f. As relevant here, a time and sales report was a report that summarized each of the individual transactions, called "fills," that were entered into to execute an order. For each fill, an accurate time and sales report should have identified the number of shares involved in the trade, the time at which the trade was executed on the local exchange, and the price at which the shares involved in the trade were either purchased or sold on the local exchange.

g. Real-time fill data (i.e., an immediate data feed of the details of the trades that CGM Limited received from a broker in the local market) should have shown the client the times, prices, and number of shares bought or sold on the exchange.

The Conspiracy

2. From at least in or about August 2009 through at least in or about August 2011, in Bergen County, in the District of New Jersey, and elsewhere, defendant LEKARGEREN did knowingly and intentionally conspire and agree with others known and unknown to the United States: (1) to devise and intend to devise a scheme and artifice to defraud clients of the Agency Brokers, and to obtain money from clients of the Agency Brokers, by means of false and fraudulent pretenses representations, and promises; and, for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted, writings, signs, signals, pictures, and sounds by means of wire, radio, and television communications in interstate and foreign commerce, in violation of Title 18, United States Code, Section 1343; and (2) to knowingly execute and attempt to execute a scheme and artifice to defraud clients of the Agency Brokers, and to obtain money from clients of the Agency Brokers, by means of false and fraudulent pretenses, representations, and promises in connection with the purchase and sale of securities of issuers with a class of securities registered under Section 12 of the Securities Exchange Act, in violation of Title 18, United States Code, Section 1348.

Object of the Conspiracy

3. The object of the conspiracy was for defendant LEKARGEREN and others known and unknown to the United States to hide from the Agency Brokers' clients CGM Limited's practice of taking spread

income, and when clients of the Agency Brokers requested information that could lead to the discovery that spread was being taken by CGM Limited, to deceive, mislead, and make materially false statements to such clients in order to earn substantial spread income from the Agency Brokers' clients.

Manner and Means of the Conspiracy

4. It was a part of the conspiracy that the conspirators, including defendant LEKARGEREN, would take steps designed to conceal the fact that CGM Limited was taking spread.

5. It was a part of the conspiracy that the conspirators, including defendant LEKARGEREN, would make affirmative misrepresentations to hide from clients the fact that spread was being taken.

6. It was a part of the conspiracy that when a client would request a time and sales report for a trade that included spread, conspirators would create a false time and sales report containing data from other trades on the exchange that were not the client's trades, and conspirators, including defendant LEKARGEREN, would send such false report to the client, in order to hide the fact that spread had been included in the price.

7. It was a part of the conspiracy that the conspirators, including defendant LEKARGEREN, would willfully violate instructions from one large asset-management client to provide

real-time fill information in order to hide the fact that spread was being included in the prices provided to the client, and would make false statements to the client when the client would inquire about why real-time fill information was not being provided.

8. It was a part of the conspiracy that the Agency Brokers would receive orders for the purchase or sale of securities from clients to whom affirmative misrepresentations had been made, or to whom a false time and sales report had been provided, and would transmit such orders to CGM Limited by entering the orders into G-Pro.

9. It was a part of the conspiracy that CGM Limited would execute orders received from the Agency Brokers for clients to whom affirmative misrepresentations had been made, or to whom a false time and sales report had been provided, by trading in a riskless principal capacity and recording the amount of any spread taken in G-Pro.

Overt Acts

10. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the District of New Jersey and elsewhere:

a. On or about August 11, 2009, defendant LEKARGEREN provided a false time and sales report to a large asset-management client purporting to report the quantities, prices, and times of the execution of the client's August 7, 2009 orders to purchase 389,296 shares of New York Community Bancorp, Inc. securities on the New York

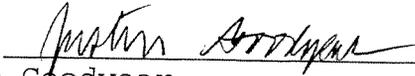
Stock Exchange, which defendant LEKARGEREN and his co-conspirators knew contained false information, namely, data from other trades on the exchange that were not the client's trades.

b. On or about October 28, 2010, defendant LEKARGEREN caused a CGM Limited trader to cause a data transmission from Bermuda to the G-Pro server in Carlstadt, New Jersey, recording spread of \$13,338.40 taken on the purchase of China Yuchai International Ltd. stock by the large asset-management client who received a false time and sales report on August 11, 2009.

c. On or about May 18, 2011, in response to a question from the large asset management client about why the client was not receiving real-time fill information, defendant LEKARGEREN falsely claimed that real-time data had not been provided for a portion of client's order because IT issues caused "some delays with [their] system."

In violation of Title 18, United States Code, Section 371.

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