



Department of Justice



FOR IMMEDIATE RELEASE
WEDNESDAY, JULY 18, 2012
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**FORMER NEW YORK EMPLOYEE OF A FINANCIAL INSTITUTION PLEADS
GUILTY FOR HIS ROLE IN FRAUD CONSPIRACY INVOLVING
MUNICIPAL BONDS**

WASHINGTON — A former financial institution employee pleaded guilty today for his participation in a conspiracy related to municipal bonds, the Department of Justice announced.

According to the plea proceeding held today in the U.S. District Court in Manhattan, Alexander Wright, a resident of New York City, engaged in a fraud conspiracy in the municipal finance industry. According to court documents, the New York-based financial institution that employed Wright as a vice president of the municipal derivatives marketing group was a provider of investment agreements as well as other municipal finance contracts to public entities. Public entities seek to invest money from a variety of sources, primarily the proceeds of municipal bonds that they issue, to raise money for, among other things, public projects. Public entities typically hire a broker to conduct a competitive bidding process for the award of the investment agreements and often for other municipal finance contracts.

The department said in court documents that from approximately June 12, 2002, until approximately June 20, 2002, Wright participated in a fraud conspiracy with former executives from another financial institution, among others. One of the co-conspirators acted as the broker for a municipal finance contract, which was to be competitively bid. The co-conspirator gave Wright information about the prices or price levels of competitors' bids, a practice known as a "last look." The co-conspirator signaled Wright to change his bid to a specific number so that Wright's employer could make more money. Wright and his co-conspirators represented to the municipal issuer that the bidding process was competitive when, in fact, it was not. The department said that, as a result of the bid manipulation, Wright's employer won the contract at an artificially inflated price, which, since the issuer paid a higher price for the contract, deprived the municipal issuer of money and property.

"By engaging in non-competitive practices, such as sharing confidential bidding information, the co-conspirators undermined the integrity of the municipal bond market and deprived the bond issuer of a fair and competitive price," said Scott D. Hammond, Deputy Assistant Attorney General of the Antitrust Division's Criminal Enforcement Program. "Today's guilty plea demonstrates our continued efforts to hold accountable those who subvert the competitive process in our financial markets."

The conspiracy to commit wire fraud for which Wright is charged carries a maximum penalty of five years in prison and a \$250,000 criminal fine. The maximum fine for this offense may be

increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

“The type of bid-rigging scheme Wright and his co-conspirators participated in not only deprives the municipal issuer of a fair and just bidding process, but weakens the public’s trust in the municipal bond market,” said Janice K. Fedarczyk, Assistant Director in Charge of the FBI in New York. “Today’s guilty plea is proof of our continued determination to root out those whose business practices contribute to the deterioration of healthy competition in the financial markets.”

“This guilty plea is another step in our efforts to clean up the fraudulent practices in the municipal bond market,” said Internal Revenue Service-Criminal Investigation (IRS-CI) Chief Richard Weber. “IRS Criminal Investigation will continue to provide financial investigative assistance to ensure individuals are held accountable for their criminal behavior.”

The charges announced today resulted from an ongoing investigation conducted by the Antitrust Division’s New York and Chicago Field Offices, the FBI and IRS-CI. The division is coordinating its investigation with the U.S. Securities and Exchange Commission, the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York.

To date, 12 individuals and one company have pleaded guilty to charges stemming from the ongoing investigation. In May 2012, a federal jury in the Southern District of New York convicted Dominick Carollo, Steven Goldberg and Peter Grimm of multiple counts involving similar fraud conspiracies after a four-week trial. Three other former executives of a financial institution were indicted on Dec. 9, 2010, for participating in fraud schemes and conspiracies related to the bidding for investment agreements, and are awaiting trial, which is scheduled to begin in Manhattan on July 30, 2012.

Today’s guilty plea is part of efforts underway by President Obama’s Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys’ offices and state and local partners, it’s the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

Anyone with information concerning bid rigging and related offenses in any financial markets should contact the Antitrust Division’s New York Field Office at 212-335-8000, the FBI at 212-384-5000 or IRS-CI at 212-436-1761, or visit www.justice.gov/atr/contact/newcase.htm.

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