

Remarks by Christy Romero, Special Inspector General (SIGTARP)  
Office of the Special Inspector General for the Troubled Asset Relief Program

Press Statement

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***Conviction of Former Jefferies & Co. Senior Trader / Managing Director for  
Fraud Targeting TARP Program***

I am Christy Romero, Special Inspector General at SIGTARP, a federal law enforcement agency that investigates crime related to the taxpayer-funded bailout known as TARP. This afternoon, following a three week trial, a federal jury seated in Connecticut convicted Jesse Litvak, a former senior trader and managing director at New York investment bank Jefferies & Co., of TARP fraud, securities fraud, and making false statements to the federal Government.

In late 2008, our nation was in the depths of a financial crisis not seen since the Great Depression. In response, Treasury asked Congress to approve the \$700 billion TARP bailout with the purpose of using the money to buy toxic mortgage assets off of banks' books. Although TARP began by injecting cash into banks, it eventually included a \$20 billion taxpayer-funded program, called the Public-Private Investment Program (PPIP), to take the toxic, complicated, mortgage securities off of banks' books. SIGTARP is sworn to protect that TARP program. Mr. Litvak was the first person SIGTARP arrested for a crime related to that specific TARP program, and he is now the first person convicted of a crime related to that TARP program.

Trading in mortgage securities and their derivatives can be complicated, but what Litvak did was simple – he lied to, defrauded, and illegally overcharged his customers and personally profited from the TARP bailout at taxpayers' expense. He intentionally overcharged the Government, which was purchasing mortgage securities with bailout funds to help stabilize the financial system. He lied and deceived and even created fake sellers of the securities as a way to mislead his clients. Litvak's crimes were far reaching – he overcharged six of eight managers of taxpayer TARP money in that program.

As a result of SIGTARP investigations, in concert with our law enforcement partners, 174 individuals have been charged with crimes related to TARP. Litvak is the first person to be both charged and convicted under a 2009 change to the law that made fraud against the Government related to TARP, a crime. Importantly, Mr. Litvak, who worked in the securities industry, was also convicted today of securities fraud and of making false statements to the Government.

Americans should know that SIGTARP is on watch and protecting their bailout dollars. I would like to thank the members of the jury for their courage, patience, and perseverance in reaching today's verdict. I also want to commend United States Attorney Deirdre M. Daly for standing united with SIGTARP to fight bailout-related crime, as well as Assistant U.S. Attorneys Jonathan Francis and Eric Glover, who did a terrific job prosecuting the case.