

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

Press Briefing
Monday, January 28, 2013

Indictment of Former Jefferies & Co. Senior Trader / Managing Director

Alleged 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 morning, SIGTARP federal agents arrested Jesse Litvak, a former senior trader and managing director at Jefferies & Co., an investment bank headquartered in New York. The subject was taken into custody by SIGTARP agents at his residence in New York. The arrest took place without incident.

In late 2008, our nation was suffering from a crisis like no other in our history. 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 derivatives off of banks' books. SIGTARP is sworn to protect that TARP program, and Mr. Litvak is the first person charged with a crime related to that specific TARP program. This is an ongoing investigation.

Mortgage derivatives and the trading in them can be complicated, but the charges against Mr. Litvak are simple. He allegedly tried to profit from the bailout. He is alleged to have intentionally overcharged the Government in its purchase of these mortgage derivatives, and he allegedly lied and deceived, even creating fake sellers of these securities. His crime is alleged to be far reaching—allegedly overcharging 6 of 8 funds that contained taxpayer bailout money.

As a result of SIGTARP investigations with law enforcement partners, 121 individuals have been charged with crimes related to TARP. Mr. Litvak is the first person to be charged under a 2009 law that makes illegal, fraud against the Government specifically related to TARP. Importantly, Mr. Litvak, who worked in the securities industry, is also charged with securities fraud, as well as making false statements to the Government.

Americans should know that SIGTARP is on watch protecting their bailout dollars. I want to commend United States Attorney David Fein for his commitment to fighting bailout-related crime, as well as the terrific Assistant United States Attorneys Jonathan Francis and Eric Glover and our partner, the SEC.