



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

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FORMER NOMURA RMBS TRADER WHO DEFRAUDED CUSTOMERS IS SENTENCED

Today, U.S. Attorney for the District of Connecticut, John H. Durham, announced that Michael Gramins, 38, of North Carolina, was sentenced by U.S. District Judge Robert N. Chatigny to two years of probation, the first six months of which Gramins must spend in home confinement, for defrauding mortgage-backed securities customers of Nomura Securities International, where he was employed. Judge Chatigny also ordered Gramins to perform 300 hours of community service.

According to the evidence presented during his trial, Gramins was an Executive Director on the Residential Mortgage Backed Securities (“RMBS”) Desk at Nomura Securities International (“Nomura”) in New York where he principally oversaw Nomura’s trading of bonds composed of sub-prime and option ARM loans. Between 2009 and 2013, Gramins and others defrauded customers of Nomura by fraudulently inflating the purchase price at which Nomura could buy a RMBS bond to induce their victim-customers to pay a higher price for the bond, and by fraudulently deflating the price at which Nomura could sell a RMBS bond to induce their victim-customers to sell bonds at cheaper prices, causing Nomura to profit illegally. Gramins trained subordinates to lie to customers, provided them with the language to use in deceiving customers, and encouraged them to engage in the practice.

In a settlement announced by the U.S. Securities and Exchange Commission in July 2019, Nomura agreed to pay approximately \$25 million in restitution to customers for its failure to adequately supervise traders in mortgage-backed securities, and an additional \$1.5 million in penalties.

This case was investigated by the Office of Special Inspector General for the Troubled Asset Relief Program (SIGTARP), the Federal Bureau of Investigation, the U.S. Department of Labor’s Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, and the Federal Housing Finance Agency’s Office of Inspector General. SIGTARP was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the Emergency Economic Stabilization Act (EESA).

To report a suspected crime related to EESA, call SIGTARP’s Crime Tip Hotline: 1-877-SIG-

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