



SIGTARP

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

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Media Inquiries: 202-927-8940

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FORMER NOMURA RMBS TRADER CONVICTED OF FRAUD CONSPIRACY

Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP) and Deirdre M. Daly, United States Attorney for the District of Connecticut, today announced that a federal jury in Hartford has found Michael Gramins, 33, of New York, N.Y., guilty of conspiracy to commit securities and wire fraud.

According to the evidence at 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. Gramins engaged in a conspiracy to defraud 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.

The victims of this scheme included hedge funds, insurance companies, and asset managers from Connecticut and elsewhere.

On March 6, 2017, Gramins and two other former New York-based bond traders for Nomura, Ross Shapiro and Tyler Peters, were each charged in a third superseding indictment with one count of conspiracy, two counts of securities fraud and six counts of wire fraud. A trial before U.S. District Judge Robert N. Chatigny began on May 8, 2017. Today, the jury found Gramins guilty of one count of conspiracy, and not guilty of one count of securities fraud and five counts of wire fraud. The jury could not reach a verdict as to one count of securities fraud and one count of wire fraud.

The jury also found Shapiro not guilty of two counts of securities fraud and six counts of wire fraud, but could not reach a verdict as to the conspiracy count. The jury found Peters not guilty of all nine counts of the indictment.

“This has been a demanding prosecution, and I thank the jury for its service,” U.S. Attorney Deirdre M. Daly said. “I also commend SIGTARP, the FBI, 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 for their outstanding investigative work in this and related cases. Our investigation into fraudulent trading practices in the RMBS and other financial markets has had a marked impact on the industry and will continue.”

When sentenced, Gramins faces a maximum term of imprisonment of five years.

This matter has been investigated by the 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.

The case is being prosecuted by Assistant U.S. Attorneys Liam Brennan, Heather Cherry, and David Novick.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets financial institution crime and is an independent watchdog protecting taxpayer dollars. As of April 7, 2017, SIGTARP investigations have resulted in the recovery of \$10 billion to the government and 203 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-744-2009. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov. Follow SIGTARP on Twitter @SIGTARP.

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