

White Collar Update: Second Circuit Grants Jefferies Bond Trader New Trial, Reverses Others

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On December 8, 2015, the U.S. Court of Appeals for the Second Circuit overturned the conviction of Jesse Litvak, a former Jefferies & Company (“Jefferies”) bond trader, for charges relating to misrepresentations he allegedly made in transactions involving residential mortgage-backed securities (“RMBS”). Although Mr. Litvak may be retried for securities fraud, the court held that he will be allowed to use previously excluded expert testimony to argue that his misstatements were not material to his counterparties. The press has reported that Deirdre Daly, the U.S. Attorney for the District of Connecticut, confirmed that the Government will retry Mr. Litvak as part of its “ongoing efforts to investigate and prosecute fraud in the fixed-income markets.” The Second Circuit also reversed Mr. Litvak’s conviction for charges of fraud against the United States and making false statements, for which he does not face retrial.

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