

Bond Case Briefs

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SECURITIES - NEW YORK

U.S. v. Heinz

United States Court of Appeals, Second Circuit - June 4, 2015 - F.3d - 2015 WL 3498664

Defendants were convicted in connection with schemes to defraud municipalities, the Department of the Treasury, and the Internal Revenue Service by manipulating the bidding process for municipal bond reinvestment agreements and other municipal finance contracts while employed at UBS Financial Services, Inc.

On appeal, the Defendants contended that the District Court erred by denying their motion to dismiss the superseding indictment as time barred, arguing that the District Court should have applied the five- or six-year statute of limitations for wire fraud and wire fraud conspiracies.

The Court of Appeals affirmed the District Court's conclusion that the evidence the Government intended to submit at trial was enough to permit a jury to find that the Defendants' conduct "affected a financial institution" within the meaning of 18 U.S.C. § 3293(2), and thereby extended the statute of limitations to ten years under § 3293(2).

The Court based its "affected a financial institution" analysis on the fact that, as a direct result of Defendants' conduct, the employer banks had entered into settlement agreements in which they admitted wrongdoing, accepted responsibility for the illegal conduct of the former employees, and agreed to pay more than \$500 million in fines and restitution to federal agencies and municipalities.